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ANALYSIS OF PERFORMANCE OF ECONOMIC INDICATORS OF INDIAN ECONOMY

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ABSTRACT

The indicators of economy are very important as the economic indicators measure the true and fair picture of the overall economy. The economic indicators determine the behavior and trends of economic activities. The estimation of economic indicators is useful for various users such as policymakers and other users because the condition of economy can be determined on the basis of the status of economic indicators whether an economy is moving in positive or negative direction. India is counted as the fastest growing economy in the world and placed at the 9th rank among the nations over the world. The growth of a nation is directly depends on the trends of its economic activities. The performance of economic indicators contributes to the overall development of a nation. Thus, it is contemporary to study the status of various economic indicators which stimulate the growth of a country and play essential role in determining the position of an economy.

The present study examines the performance of the economic indicators of India such as GDP, capital formation, exports-imports and status of employment. The study is based on the secondary data collected for fifteen years (2000-2015). The findings suggest that performance of economic indicators is significant in determining the growth of economy and there was positive trends have been observed in the selected economic indicators under the period of study.

Key words: Capital formation, exports-imports, Indian economy, GDP, and unemployment.

I INTRODUCTION

The stability of any nation depends on the performance of the economic indicators. The economic indicators can be defined as the criteria of measuring the position of economy. The economic indicators reflect the direction of the economic trends about the economic activities. The result of the performance of economic indicators is released for a specified period. The indication predicts the behavior of the economic activities and their trends. These indicate the position of an economy. The economic indicators plays significant role in ascertaining the performance of a nation. The study of indicators of an economy is essential to predict the status of economy.

The economic indicators analyze the condition of Indian economy and there are various economic indicators such as GDP, capital formation, inflation rate, balance of trade, interest rate etc. The economic indicators represent the position of an economy through the measurements of economic variables. The economy is estimated strong and stable when the economic indicators move in the positive direction and perform well. The economic indicators have both positive and negative impact on the other part of economy. The impact of these indicators can be ascertained through the trends of economic variables. The performance of economic indicators is necessary to provide information about the market and economic condition of a nation. The policymakers usually take the decision on the basis of the measurement of economic indicators and other parties of economy are also interested in the performance of indicators of economy. The reason behind that is the measurement of economic indicators has a long lasting positive and negative effect on the saving and investment decision.

The indicators like interest and inflation rate affect the whole economy as these are the strong indicators which have direct impact on the currency and sectors of economy. The economic indicators such as GDP are the most widely used indicator which predicts the total value of goods and services produced in a country in a specified period. The indicators like unemployment and employment rates indicate the status of employment and labor force in a nation. The changing trend of the elements of employment such as wages determines the overall status of employment.

The calculation of various economic indicators depicts the trends and performance of the particular indicator. The GDP is the total produced output of an economy in a year. GDP is treated as the best macro- economic indicator which predicts the status of any economy. The nature of economy can be depicted in form of its decreasing and increasing trends based on the calculations of its economic indicators.

As per the report generated by central statistics office of India, the GDP growth in 2016-17 has been estimated at 7.1 per cent. The growth rate of GDP was estimated at 7.33% in 2015 which was more than previous years.

The capital formation is valued at both gross and net concept. This is called as before deducting the depreciation or after deducting the consumption of fixed capital. The capital formation is the accumulation of wealth and capital stock such as tools, equipment and assets etc. The capital formation plays vital role in developing a nation. In the same way, a nation can grow when the capital formation level will be high. The capital is the produced wealth which generates the more capital in the economy. It creates physical assets and non-physical capital. The capital formation helps in increasing the capacities of people.

Capital formation is related to increase in stock or net investment. Capital formation is the retained part of wealth which is used for further production. Capital formation fosters the productive assets of a nation which generate more production. The Gross domestic capital formation is the total investments made by the manufacturing units within the domestic territories of a nation and net domestic capital formation is related to the deduction of current replacement cost or depreciation from the gross domestic capital formation.

The saving is regarded as the gain which is not used for the immediate consumption and which is not spent on goods and services. Moreover, it is the postponed consumption. The gross Domestic Saving consists of savings of household sector, private corporate sector and public sector. Exports and imports are the significant elements of balance of trade which show the status of trade of economy. Balance of trade depicts the total import and export of a nation which shows the surplus balance and deficit of an economy. The present paper intends to analyze the status of various economic indicators.

II REVIEW OF LITERATURE

Awokuse (2008) explored the total share of trade related to exports and imports for increasing the economic growth and concluded that export promotion contributes in the economic growth and development. **Connell and Brue (2008)** concluded that GDP real growth means the increase of wealth and social welfare in the country. China and India have shower a delirious increase in GDP for 2000 to 2007 but also shows turn down after this period. **Kaur and Bhau (2012)** showed that India's GDP has performed well during 1992-93 to 1996-97. India's GDP growth rate has declined except in the year 2000-01 and 2002-03. **Mukherjee and shahana (2012)** analyzed the performance of exports of India and the indicators of balance of payment. There are many factors which are determined by the authors for contributing the growth. The authors concluded that total share of exports of India is more in overall balance of trade. **Khan Husan (2013)** examined the growth trends of GDP in the Indian economy since independence to determine what if any breaks there have been in growth performance. It then goes on to statistically determine the break points, which form the dividing line between different phases of economic growth. **Kanu and Anayochukwu (2014)** examined the impact of capital formation on the economic growth of Nigeria. The author suggested that government should work on boosting the capital formation which leads to sustainable development of economy. **Tomar (2014)** in his study "economic variable and its Impact on Indian export" concluded that Indian GDP have developed rapidly in past decades. In this article some macro-economic factors such as GDP, per capital Income & foreign investment are considered. **Ghose and Thankur (2015)** explained the major factors used for promoting the export. The authors conclude that balance of payment determines the growth of export and trade in economies. **Mahesh et. al (2015)** explored the International Trade as important component of economy. The economic performance of a country depends on the contribution of exports and strong position of balance of trade. **Singh (2015)** Described GDP isn't an entire method of calculating economic activity. It consists final output or price added at every stage of production, however not total sales on the whole production method. **Shuaib and Dania (2015) assessed** the impact of capital formation on the economic development and data were taken from 1960 to 2013. The study recommended that effective measure should be taken by government to promote the savings and improve the infrastructural and investment climate of economy.

III OBJECTIVES OF THE STUDY

- To compare the performance of gross domestic saving and gross domestic capital formation economy of India.
- To assess the status of Gross domestic product of Indian economy.
- To evaluate the growth of export and import of Indian economy.
- To examine the status of employment in economy of India.

IV RESEARCH METHODOLOGY

The present study is exploratory and descriptive in nature. Secondary data has been used taken from central statistics office, online publications, Economic Survey, Books and Journals. The data has been taken for the period of fifteen years (2000 – 2015). The trends of economic indicators have been examined using trend analysis, the graphs and charts showing the status of Indian economy.

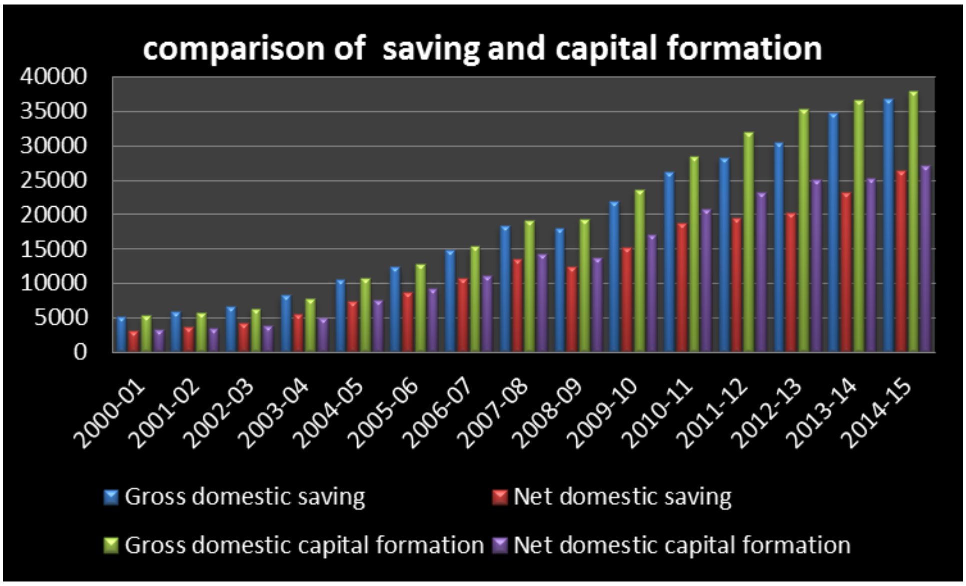
V DATA ANALYSIS

Table 1: COMPARISON OF PERFORMANCE OF SAVING AND CAPITAL FORMATION

Financial years	Gross domestic saving	Net domestic saving	Gross domestic capital formation	Net domestic capital formation
2000-01	5155.45	3086.53	5282.99	3214.07
2001-02	5853.75	3565.26	5711.46	3422.97
2002-03	6562.29	4100.49	6277.43	3815.63
2003-04	8237.75	5516.21	7624.16	4902.62
2004-05	10507.03	7308.12	10640.41	7441.50
2005-06	12351.51	8714.30	12797.54	9160.33
2006-07	14859.09	10671.80	15314.33	11127.04
2007-08	18363.32	13516.37	19007.62	14160.67
2008-09	18026.20	12374.22	19313.80	13661.82
2009-10	21823.38	15225.39	23631.32	17033.33
2010-11	26217.42	18615.24	28414.57	20812.39
2011-12	28244.59	19445.63	32006.33	23207.37
2012-13	30434.74	20273.42	35213.99	25052.67
2013-14	34759.35	23272.89	36624.90	25138.44
2014-15	36865.76	26376.89	37823.99	27145.23

Source: Central Statistics Office (CSO)

Figure 1: comparison of domestic and net saving and capital formation



Source: Central Statistics Office.

Interpretation: The above chart represents the comparison of gross and net domestic saving and gross and net domestic capital formation. Gross domestic saving and net domestic saving were found maximum in 2014-15. Gross domestic saving was more than net domestic saving and there was found increasing trends of Net and gross domestic capital formation which were noticed higher in 2014-15.

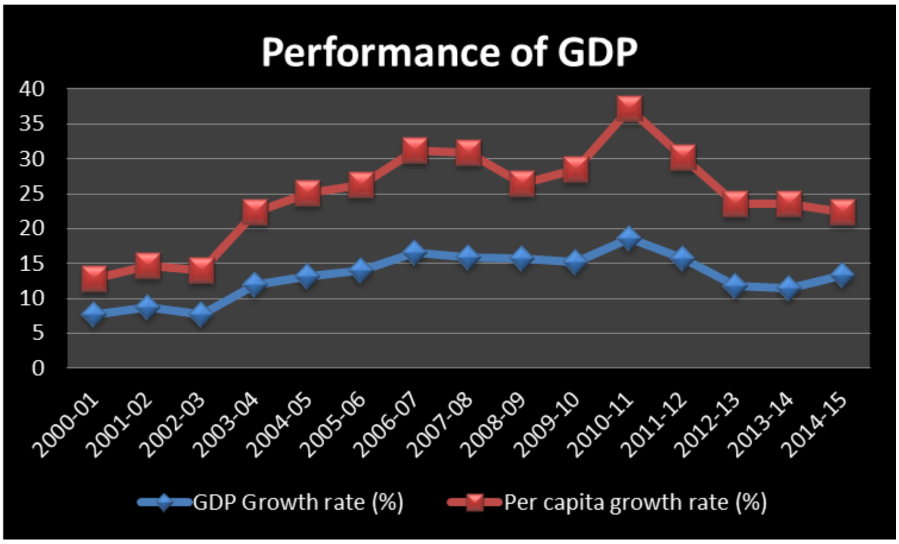
Status of GDP with Growth Rate and Per Capita Growth Rate

Table 2: PERFORMANCE OF GDP

financial year	GDP Growth rate (%)	Per capita growth rate (%)
2000-01	7.67	5.10
2001-02	8.72	6.00
2002-03	7.75	6.30
2003-04	12.03	10.40
2004-05	13.16	12.00
2005-06	14.10	12.20
2006-07	16.60	14.70
2007-08	15.91	15.00
2008-09	15.75	10.70
2009-10	15.18	13.30
2010-11	18.66	18.50
2011-12	15.77	14.50
2012-13	11.88	11.7
2013-14	11.54	12.1
2014-15	13.26	9.1

Source: central statistics office

Figure 2: Performance of GDP



Source: central statistics office

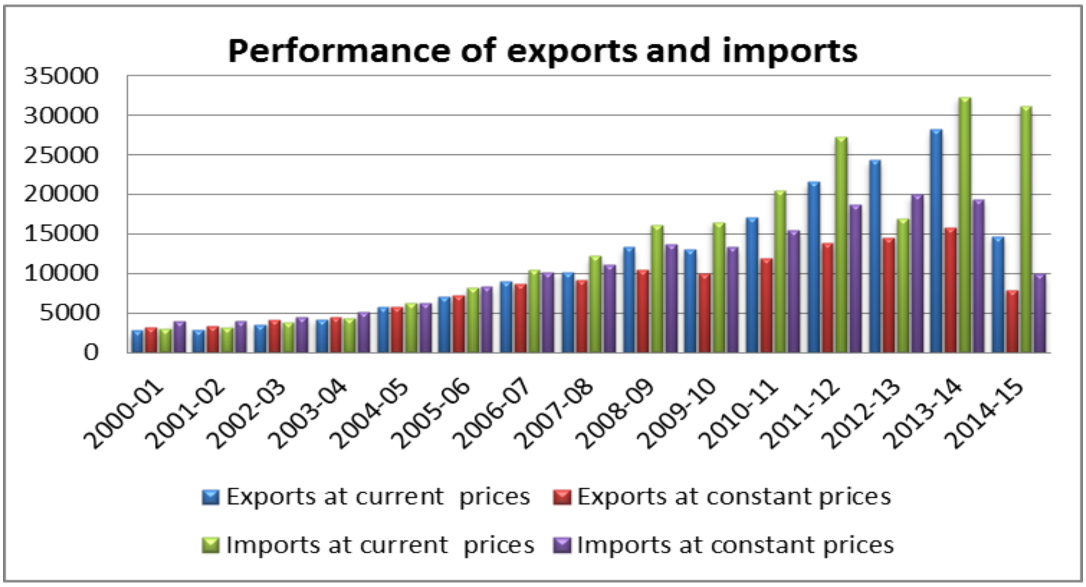
Interpretation: The graph shows the GDP growth rate and per capita growth rate of last fifteen years (2000-2014). The trend of GDP growth rate was decreasing from 2011 to 2015 and recorded higher in 2011. The per capita growth rate was increasing sharply in 2004, 2007 and 2011. The GDP growth rate and per capita growth rate were declined in 2009 and 2012 reached again at higher level in 2015.

Table 3: IMPORTS AND EXPORTS OF GOODS AND SERVICES

Financial year	Exports at current prices	Exports at constant prices	Imports at current prices	Imports at constant prices
2000-01	2781.26	3232.88	2975.23	3901.32
2001-02	2907.57	3372.21	3110.50	4016.19
2002-03	3555.56	4083.24	3799.81	4498.00
2003-04	4174.25	4474.50	4368.78	5122.50
2004-05	5690.51	5690.51	6259.45	6259.45
2005-06	7120.87	7174.24	8134.66	8299.26
2006-07	9048.72	8634.59	10405.35	10081.98
2007-08	10189.07	9146.28	12191.09	11109.63
2008-09	13287.64	10481.40	16140.40	13633.02
2009-10	12987.80	9990.30	16471.40	13341.80
2010-11	17101.93	11950.03	20501.82	15424.28
2011-12	21503.26	13811.26	27219.47	18672.49
2012-13	24268.07	14498.03	16957.43	19895.78
2013-14	28177.74	15722.22	32260.89	19388.61
2014-15	14644.00	7915.15	31084.30	9895.89

Source: Reserve Bank of India: Economic Survey

Figure 3: imports and exports of goods and services



Source: Reserve Bank of India: Economic Survey

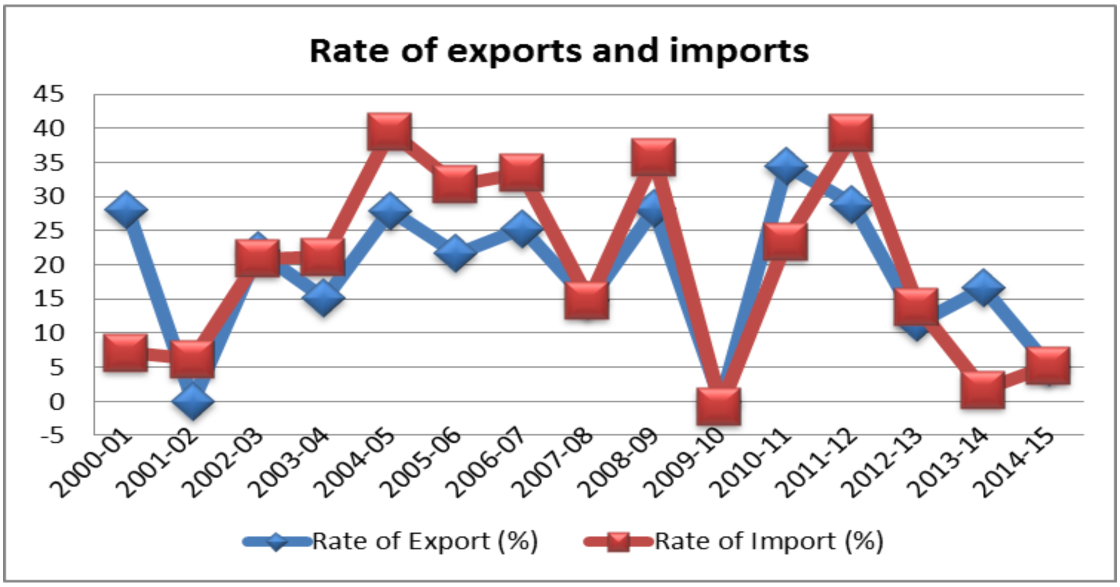
Interpretation: The chart indicates the amount of exports and import of goods and services at constant and current prices. The exports of goods and services at current price and at constant price were higher in 2013-14. The imports of goods and services at current prices and constant price were higher in 2013 and 2012 respectively.

Table 3.1 Rate of exports and imports

Financial year	**Rate of Export (%)**	**Rate of Import (%)**
2000-01	28.0	7.1
2001-02	2.7	62
2002-03	22.0	20.9
2003-04	15.1	21.2
2004-05	27.9	39.5
2005-06	21.6	31.8
2006-07	25.3	33.5
2007-08	14.7	14.8
2008-09	28.2	35.8
2009-10	0.6	-0.8
2010-11	34.5	23.4
2011-12	28.9	39.3
2012-13	11.5	13.8
2013-14	16.6	1.7
2014-15	5.0	52

Source: Reserve Bank of India: Economic Survey

Figure: 3.1 rate of exports and imports



Source: Reserve Bank of India: Economic Survey

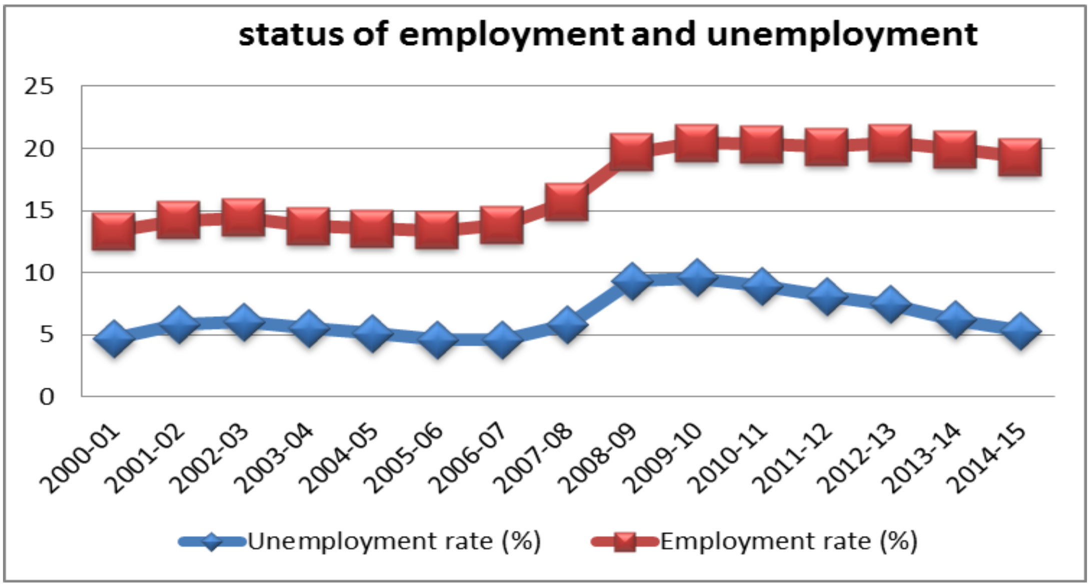
Interpretation: The above graph presents the rate of change of export and import. In 2010-11, the rate of exports was higher calculated at 34.5% and imports were higher in 2004-05 stood at 39.5%. There were sharp decline in export rate in 2001, 2003, 2009, 2013 and 2015. The rate of imports was declined in the following years 2007, 2009 and 2013.

Table 4: EMPLOYMENT AND UNEMPLOYEMENT RATE

Financial year	Unemployment rate (%)	Employment rate (%)
2000-01	4.7	8.65
2001-02	5.8	8.43
2002-03	6.0	8.42
2003-04	5.5	8.25
2004-05	5.1	8.45
2005-06	4.6	8.77
2006-07	4.6	9.24
2007-08	5.8	9.88
2008-09	9.3	10.38
2009-10	9.6	10.85
2010-11	8.9	11.45
2011-12	8.1	12.04
2012-13	7.4	13.02
2013-14	6.2	13.71
2014-15	5.3	14.01

Source: Ministry Of Labor and Employment

Figure 4: employment and unemployment rate



Source: Ministry Of Labor and Employment

Interpretation: The present chart shows the employment rate and unemployment rate. In last fifteen years, the employment rate was calculated maximum in 2014-15, accounted at 14.01%. There was sharp increase in employment rate after 2008. In the same way, there was sharp decline in unemployment rate after 2008. It was recorded higher in 2009-10, reached at 9.6%.

VI CONCLUSIONS

The present study is an attempt to examine the selected economic indicators of Indian economy. The findings of the study conclude that some selected indicators are moving in positive direction and others in negative direction. There has been observed a drastic change in the selected economic under the period of study. The Indian economy needs to focus on the negative performance of some economic indicators. The corrective measures should be taken by the government to strengthen the economic policies so that the negativity of economic indicators can be solved. The present study analyzes the selected economic indicators which provide policymakers and other users the best option to analyze the effect of these economic indicators on other aspects of economy.

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