

INDIA: A MACRO-FISCAL SNAPSHOT

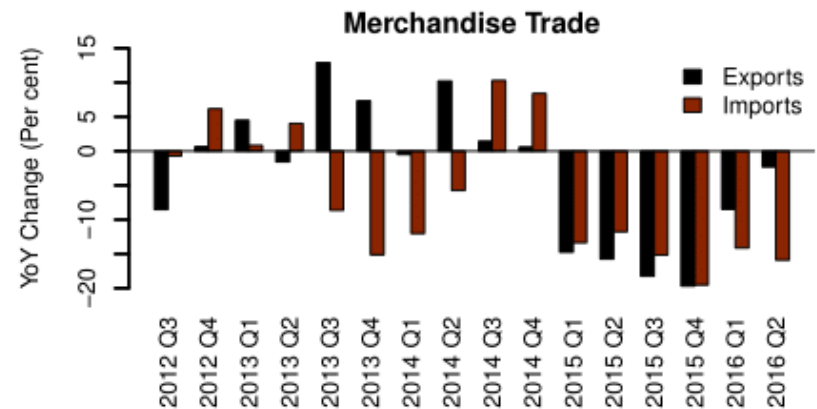
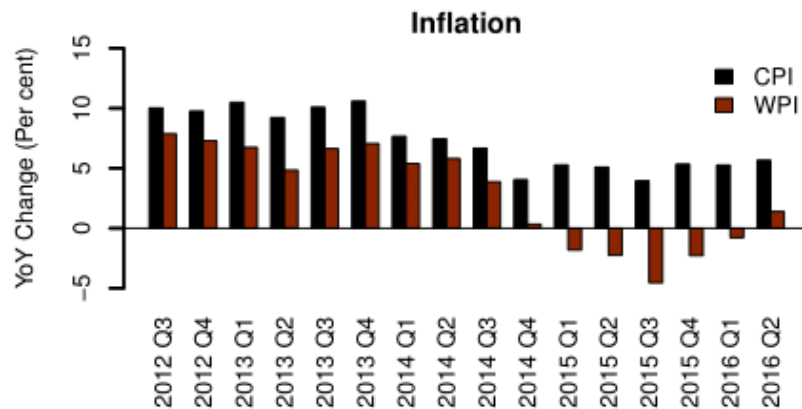
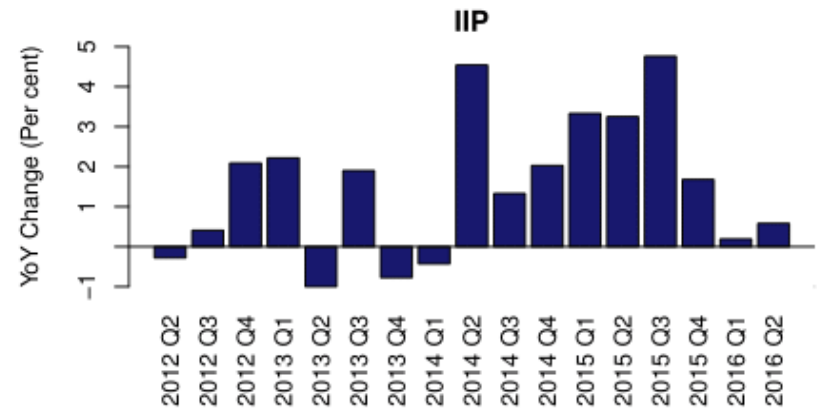
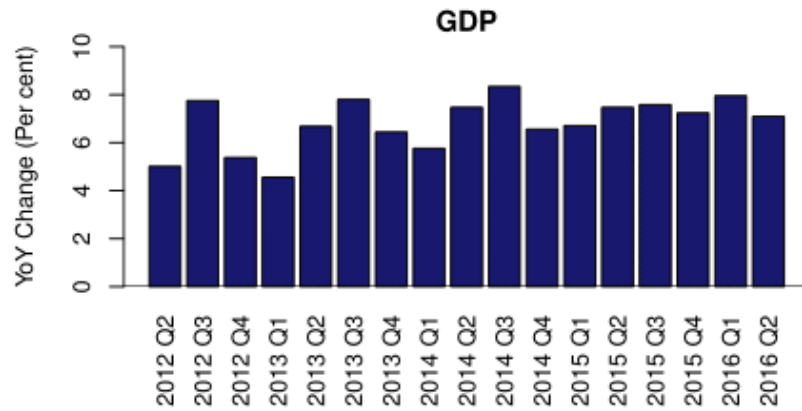
INDIAN GROWTH STORY HAS REMAINED ROBUST DESPITE A GLOBAL DOWNTURN

	Estimates	Projections	
	2015	2016	2017
World output	3.1	3.1	3.4
Advanced economies	1.9	1.8	1.8
Emerging markets and developing economies	4.0	4.1	4.6
India	7.6	7.4	7.4

Source: IMF World Economic Outlook Update, July 2016

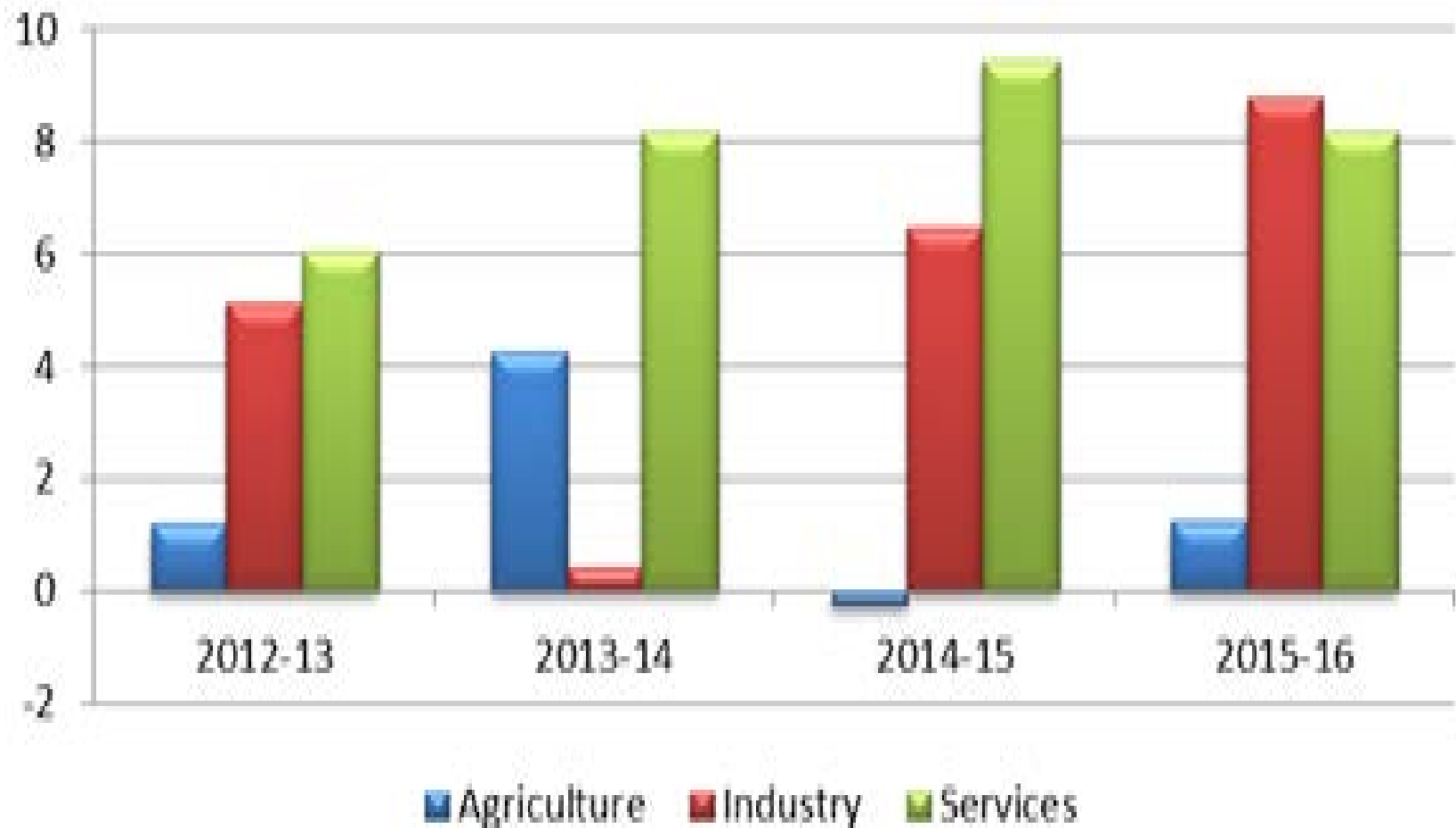
Macro picture

A snapshot

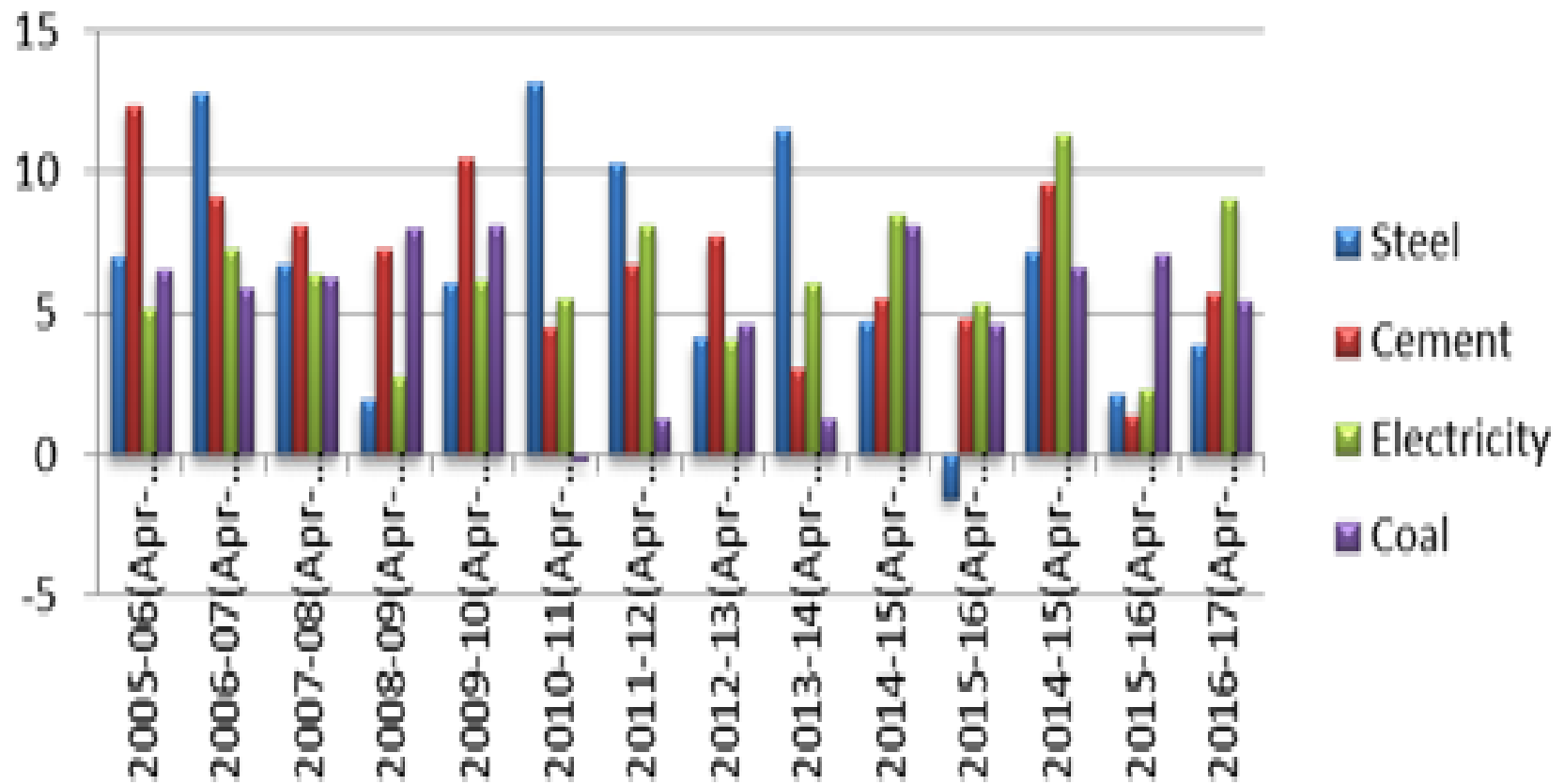


- GDP growth robust, IIP growth remains tepid.
- Divergence between WPI and CPI inflation, external condition remains benign with modest export and import growth.

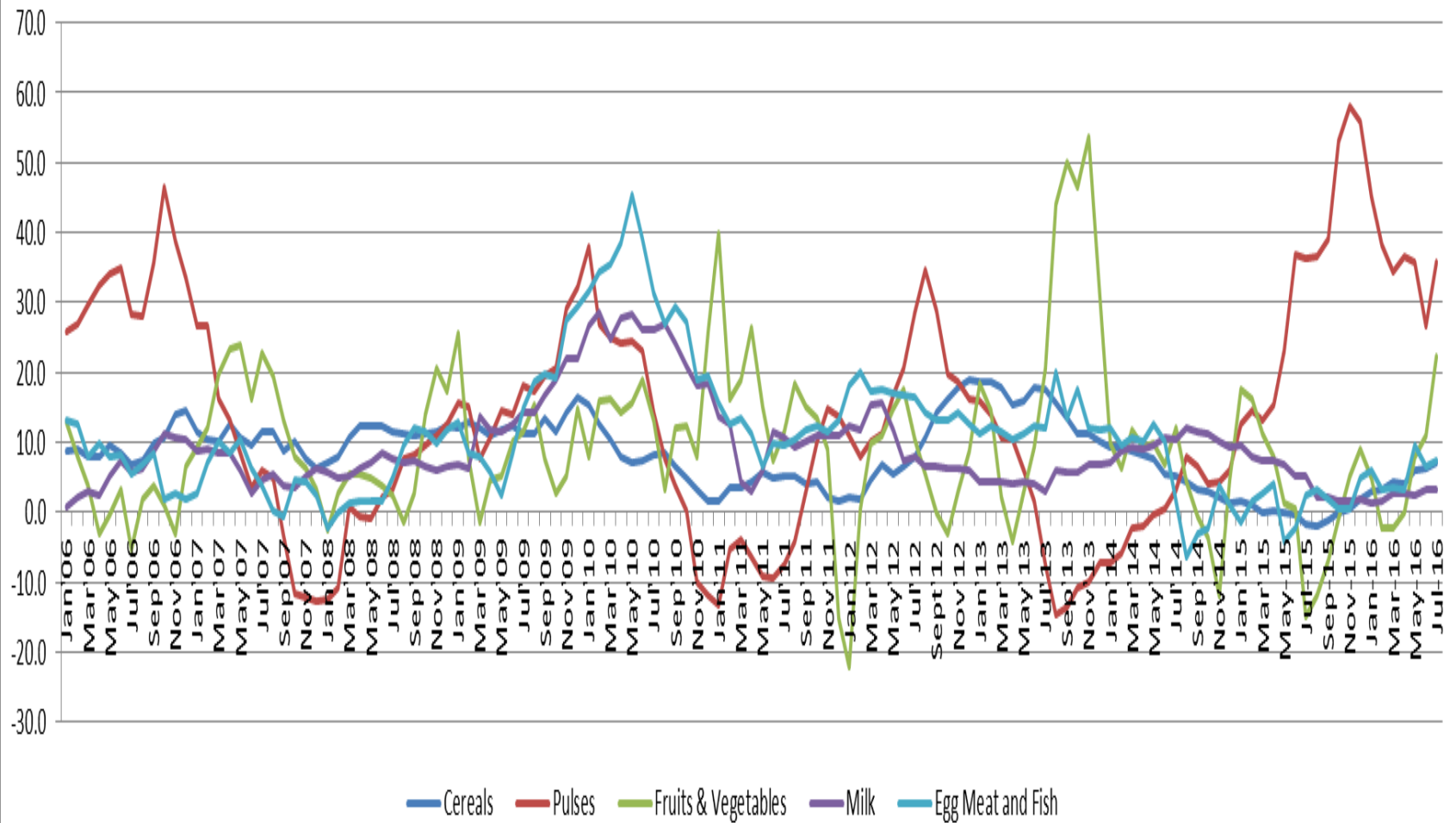
Growth in Components of GVA (%)



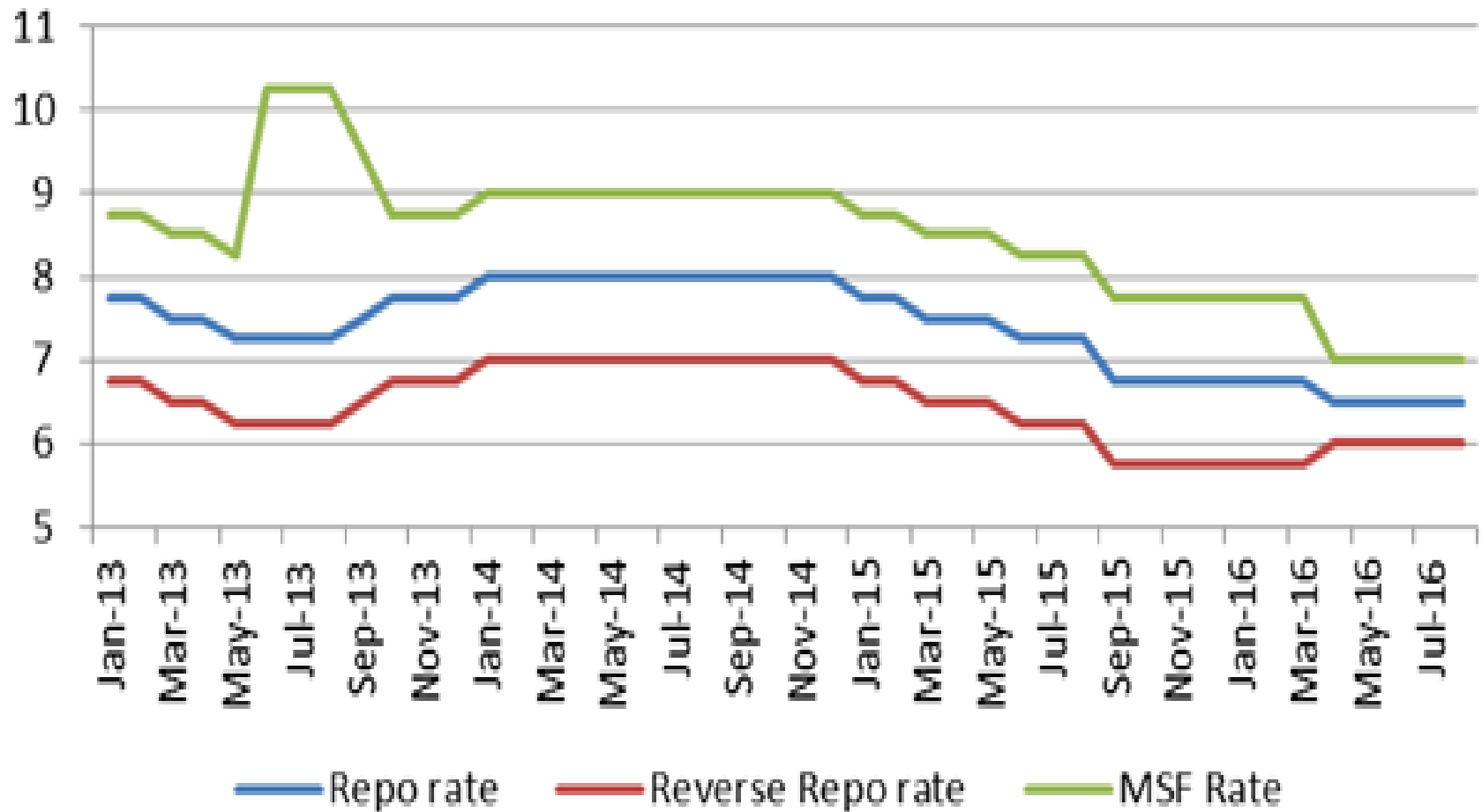
Growth in Components of Core Sector (%)



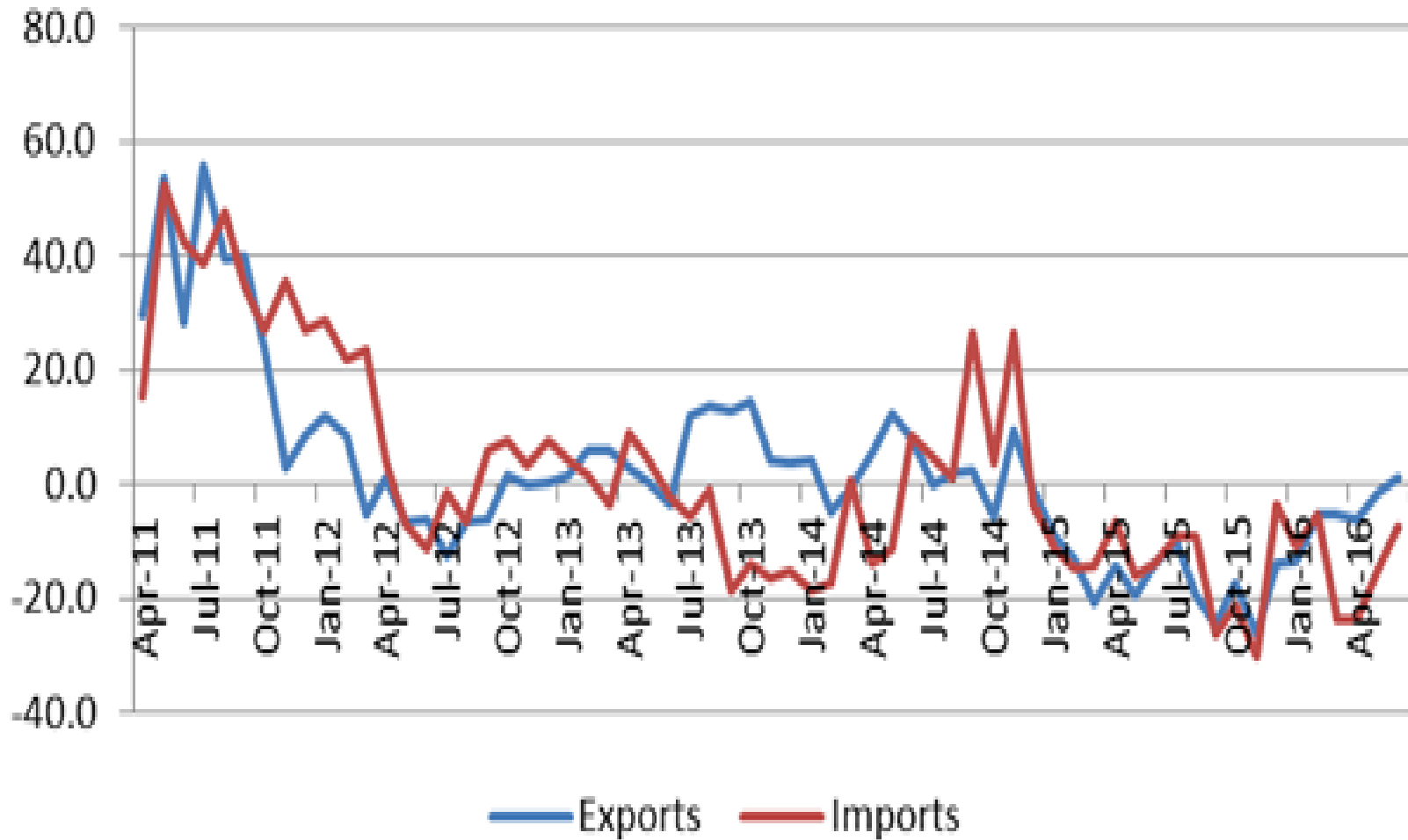
Food Price Inflation



Changes in Policy Rates



Growth of Merchandise Trade (%)



RECENT REFORM INITIATIVES

- **Tax Reform: GST Constitutional Amendment Bill** was passed by both Houses of Parliament recently
- **Statutory backing to Aadhar platform** (Unique Identification Number for every individual)
- **Financial Sector:**
 - Passage of Insolvency and Bankruptcy Code aimed at speedy resolution
 - Adoption of Inflation Targeting framework
 - Constitution of a Monetary Policy Committee
- **Constitution of the FRBM Committee**
- **Abolition of Plan Non-Plan distinction**
- **Adoption of Medium Term Expenditure Framework (MTEF)**

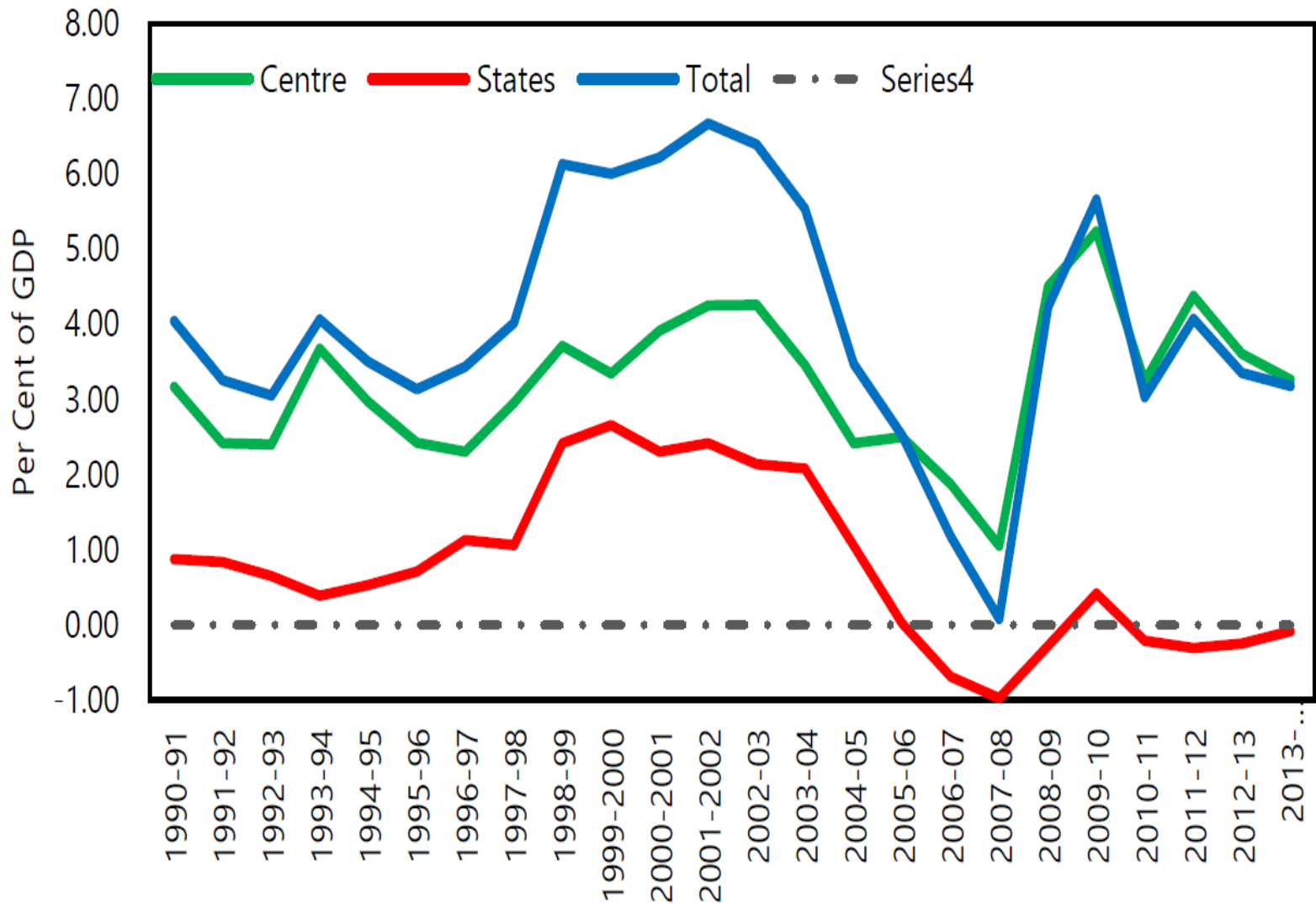
REFORMS...(CONTD)

- Merging of the Railway budget with the Union Budget
- Commitment to reduce corporate tax rate to 25 per cent
- No pass through in oil price reductions
- Decline in food price subsidies both through cuts and better targeting
- Every government spending program to be accompanied by a sunset clause

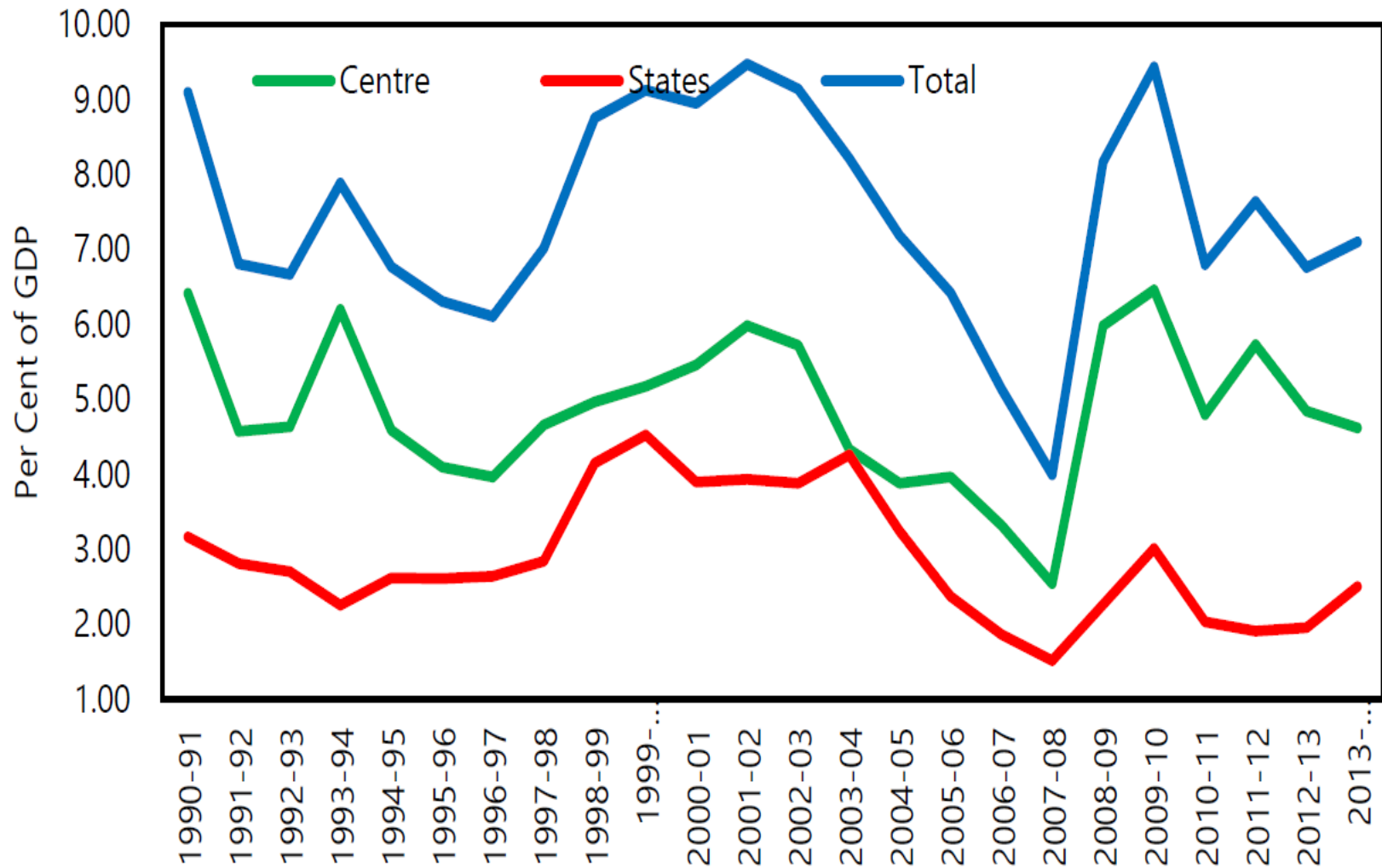
CORE ENABLERS FACILITATING GDP GROWTH

- 7th Pay Commission award to spur demand for consumer durables sector
- Auto, consumer durables and FMCG sector register a demand boost
- Passage of GST to reduce cascading effect of taxes
- Monsoon led pick up in rural demand
- Rising foreign direct investment
- Uptick in corporate earnings

Revenue Deficit: Centre vs. States



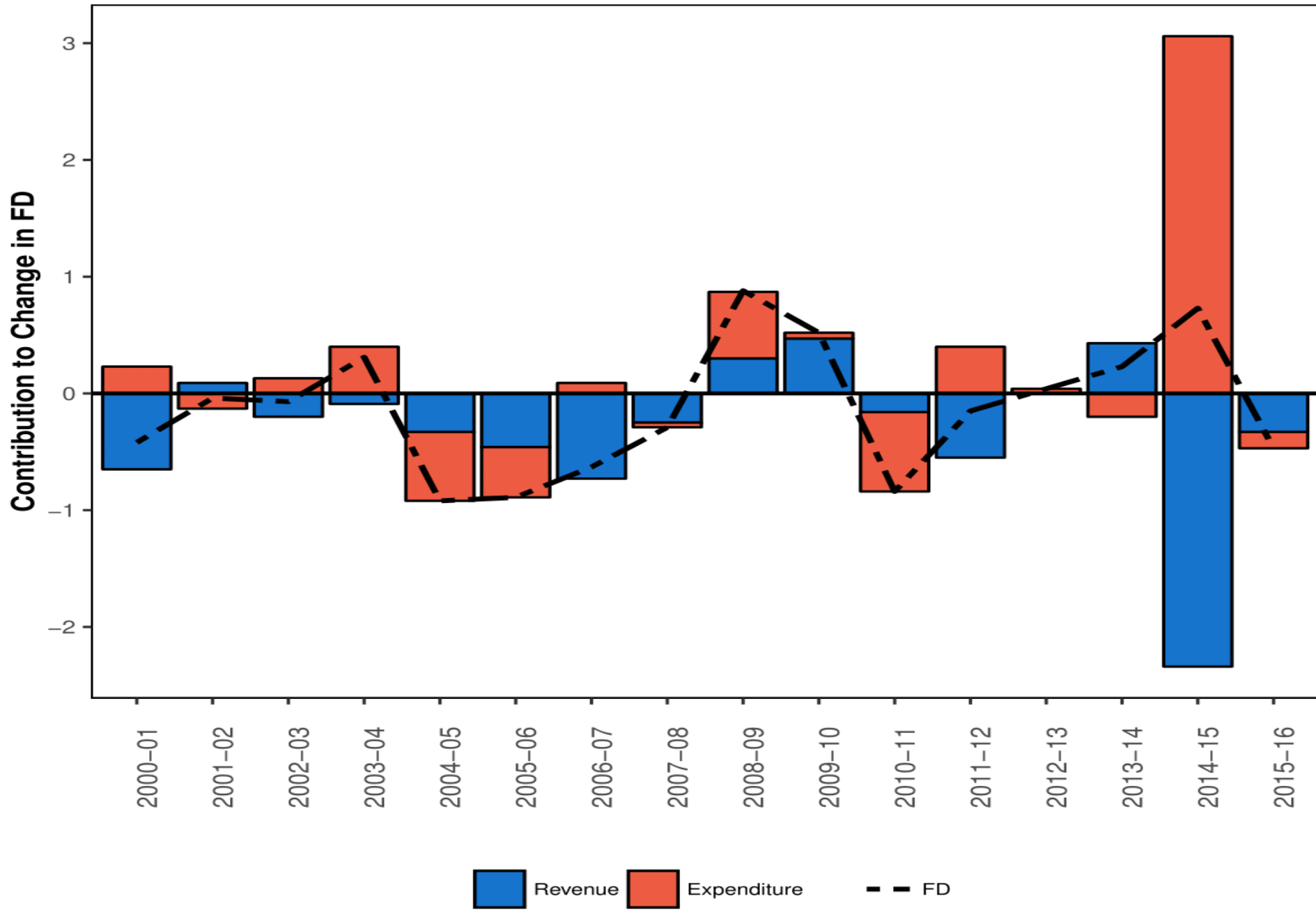
Fiscal Deficit: Centre vs. States



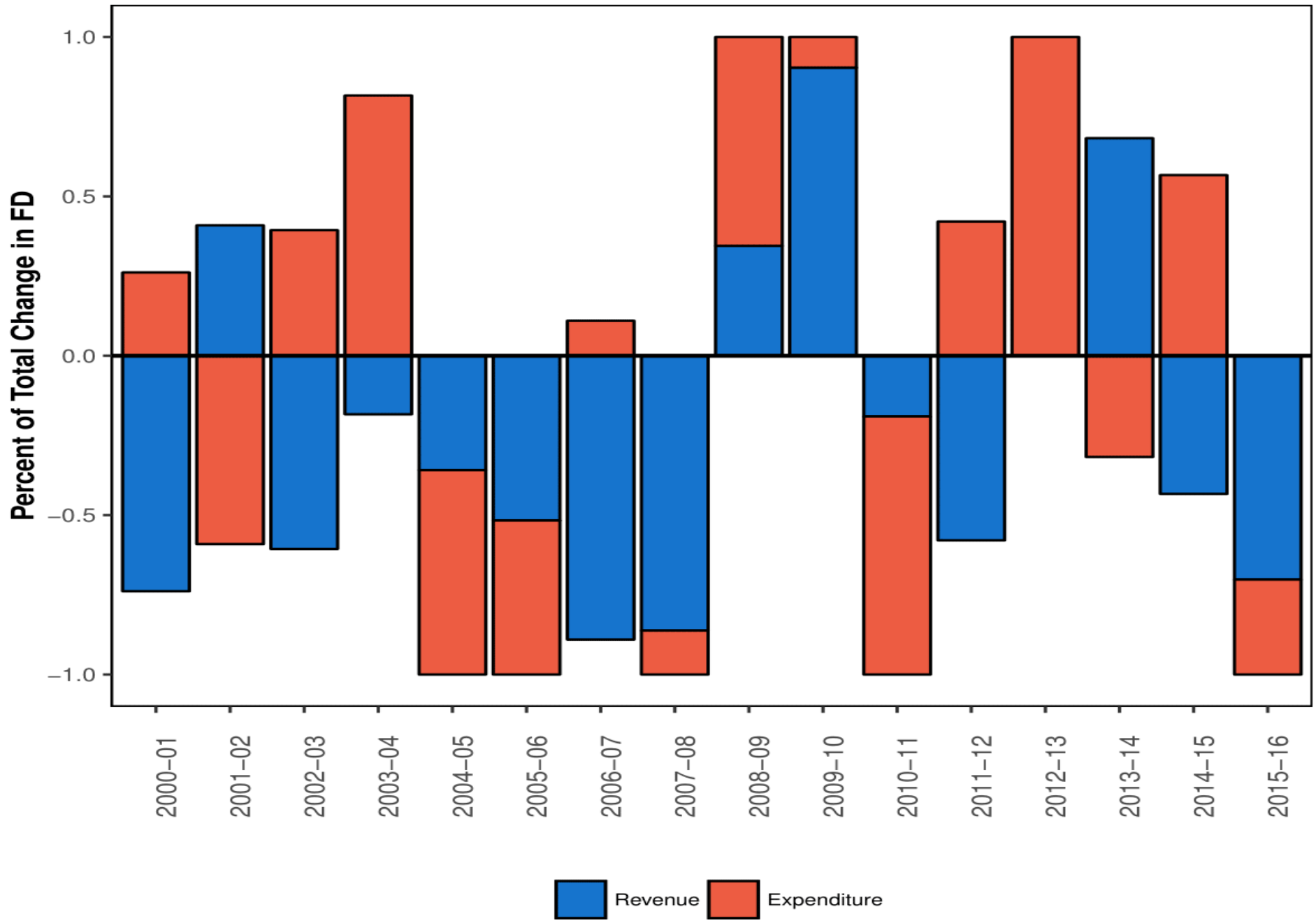
FACTORS THAT AIDED THE SUB-NATIONAL FISCAL CONSOLIDATION

- High economic growth that helped overall tax collections of the Centre and State
- Implementation of VAT by most states in 2005-06
- Increase in devolution because of recommendations of the Twelfth Finance Commission
- Debt Consolidation and Relief Facility (DCRF) that permitted debt write-offs and restructuring.

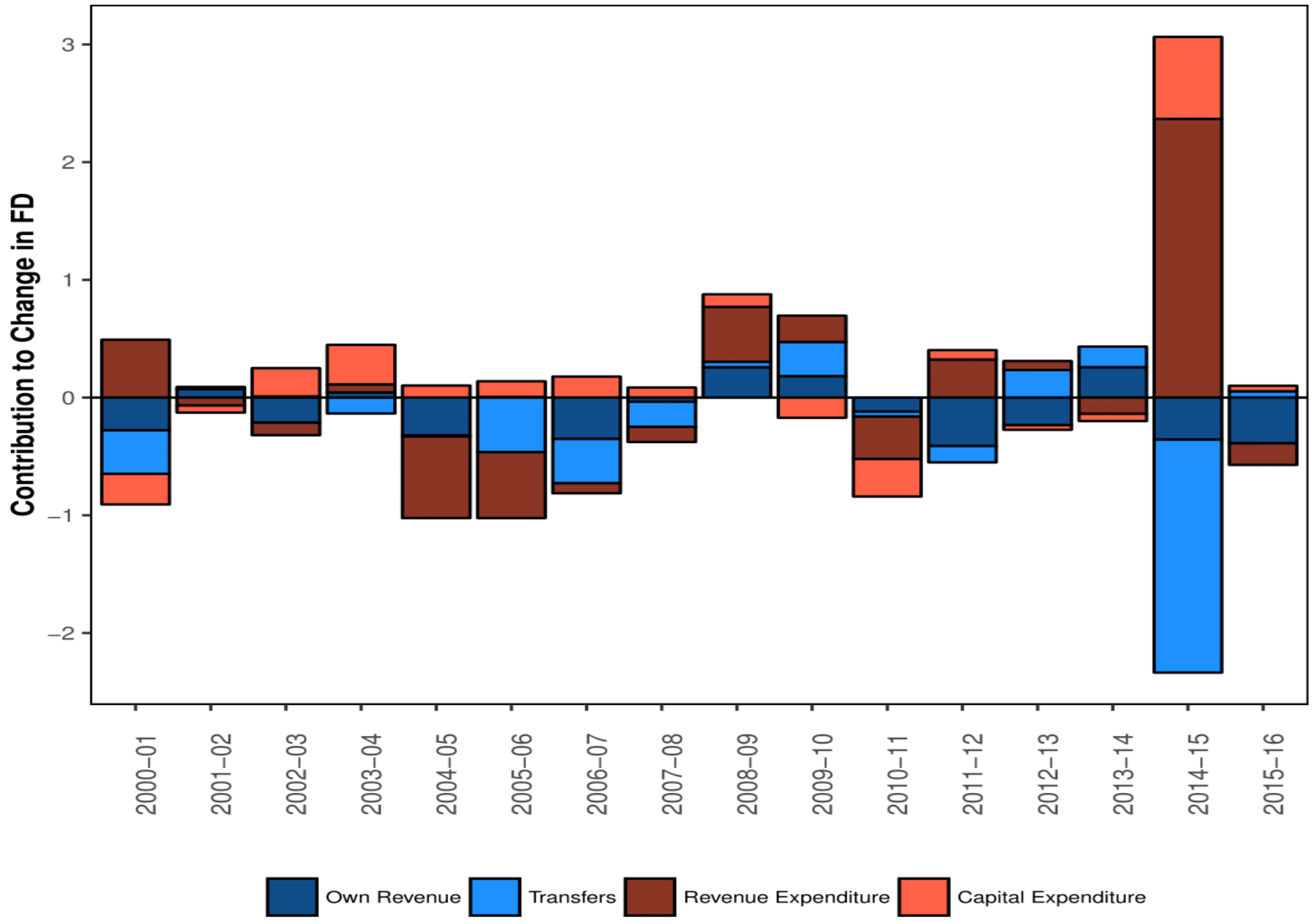
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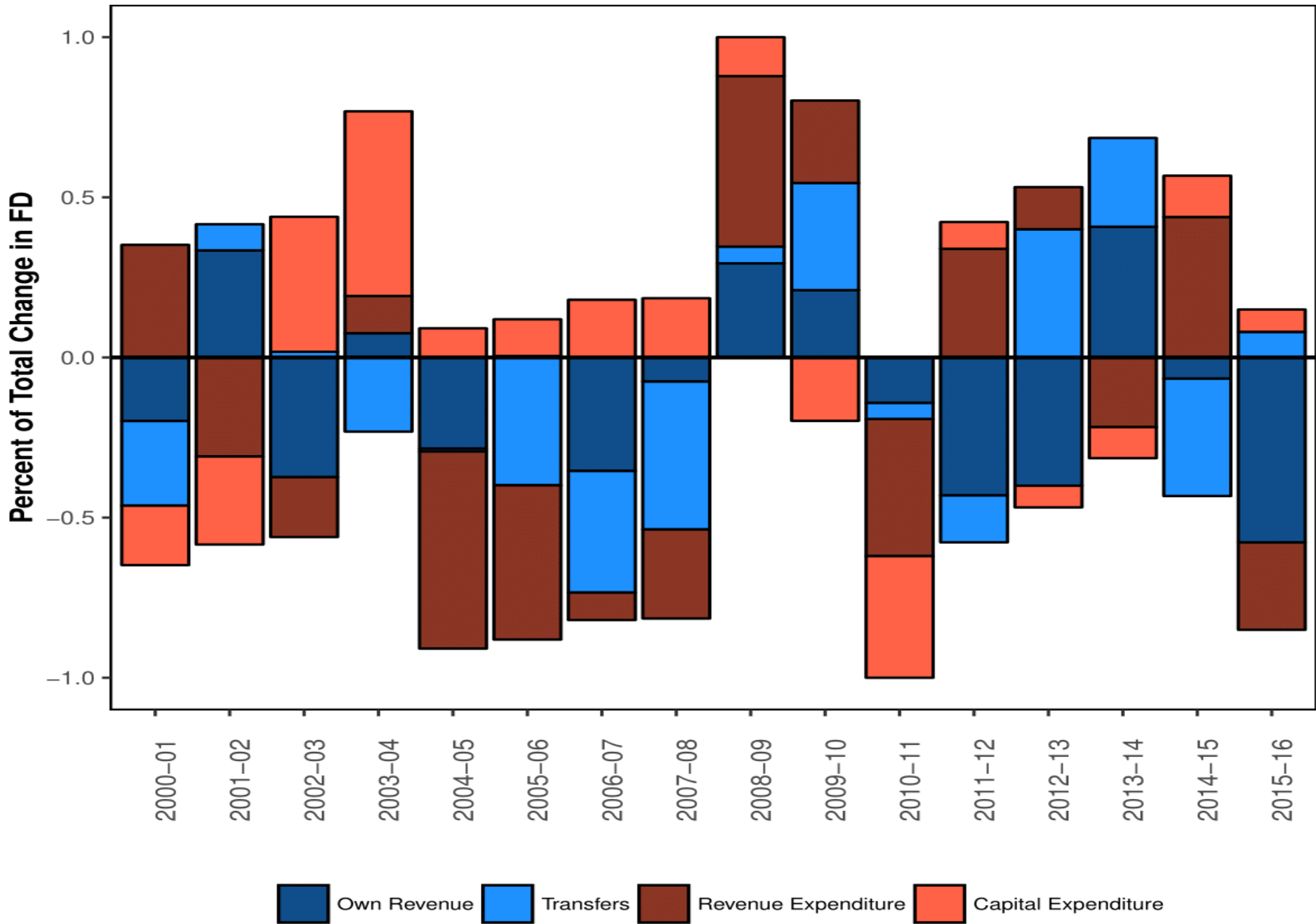
B



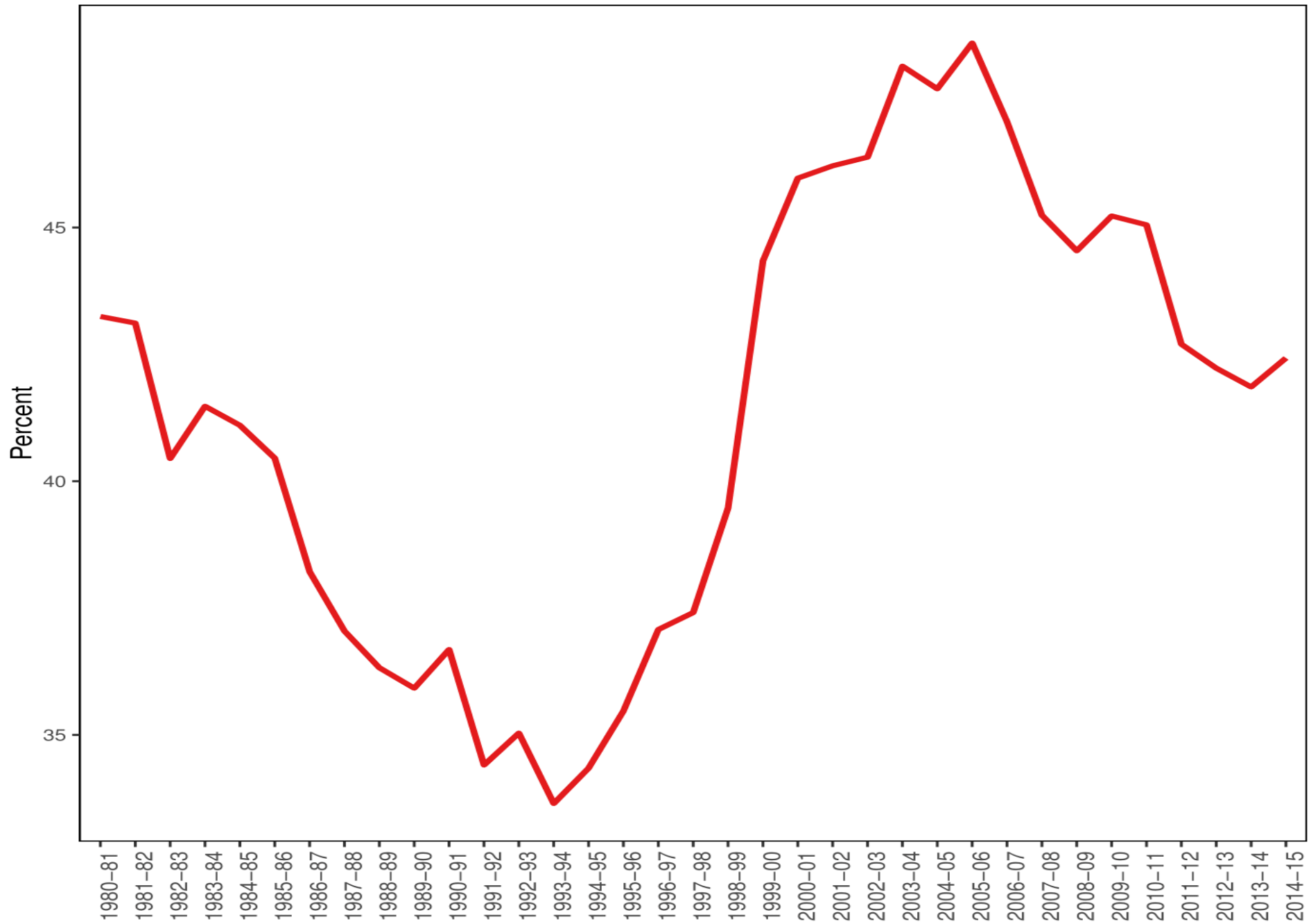
C



D



B: Total Outstanding Liabilities



Thank You