



GROWTH OF INDUSTRIAL SECTOR IN THE POST-REFORM PERIOD IN INDIA

Manisha Jagadish Chavan.

M.A. B.ED.(Economics)

Asst. Teacher, Vidyapeeth Jr. College,

Kolhapur.

INTRODUCTION:

With the introduction of planning in India, the public sector led industrial development was the crucial sector to induce GDP growth in India and the public sector did develop the commanding heights of the Indian economy and also played a crucial role in the basic infrastructure development of the country. With agricultural growth fluctuating, and performance of the public sector not being satisfactory, GDP growth rate was sluggish.

Post reform period has seen a distinct change in our development strategy with the private sector led industrial sector been the sheet anchor of industrial growth, along with liberalization and foreign capital inflow into equity capital and export diversification. In the early reform period industrial growth did pick up but growth was slower. It is after 2002, that industrial growth has picked up and this has pushed up the growth rate of the economy, along with service sector growth and construction activity also growing.

It is necessary to study this sectoral profile of the growth rate in post reform period and the present chapter attempts to analyse the same. This helps us to understand the exact sector contributing to growth and the reasons for growth not picking up in other sectors.

OBJECTIVES OF THE STUDY:

1. Study the growth of industrial sector in the post-reform period in India.

Annual Growth Rate of Real Gross Domestic Product at Factor Cost by Industry of Origin (Percent)

The GDP growth rate an annual basis at factor cost and the relative share of agriculture industry and service sector is explained in Table No1.. 1A and 1. 1B for the period before in the economic reform data in Table 1 . 1A is given and the Table1. 1B annual growth rate of GDP from 1991 to 2014 is given yearwise.

Table No. 1.1A :Annual Growth Rate of Real Gross Domestic Product at Factor Cost by Industry of Origin (Percent)

Year	Annual Gross Domestic Product at Factor Cost	Agriculture, Forestry & Fishing, Mining & Quarrying	Manufacturing, Construction, Electricity, Gas & Water Supply	Trade, Hotels, Transport & Communication	Financing, Insurance, Real Estate & Business Services	Community, Social & Personal Services
1951-52	2.3	1.9	4.6	2.6	2.3	3.0
1961-62	3.1	0.3	6.9	6.5	4.3	4.7
1971-72	1.0	-1.7	2.5	2.3	5.2	4.5
1981-82	5.6	5.2	7.4	6.1	8.1	2.1
1990-91	5.3	4.7	6.9	5.2	6.2	4.4

Source : Economic Survey, 2013-14 (Statistical Appendix, p. 7)

Data in Table1. 1A showed that between 1951 and 1991 annual growth rate of GDP increased from 2.3 percent in 1951-52 to 5.3 percent in 1991. This growth however has fluctuations. In 1951-52 agriculture and allied sectors growth rate was 1.9 percent, industry and allied activities 4.6 percent, service sector 2.6 percent. The data in table reveals that manufacturing, construction and allied activities growth rate is highest in 1990-91, the GDP growth was 5.3 percent and industrywise growth rate was 6.9 percent , whereas agriculture and allied sectors growth was 4.7 percent.

Data in Table1. 1B showed that annual growth rate of real gross domestic product at factor cost 1991 to 2013-14. The table is divided into four parts – (I) 1991-2000, (II) 2000-2006, (III) 2006-2010 and (IV) 2010-2014.

During 1991 and 2000 annual growth rate of GDP increased from 1.4 percent in 1991-92, which further increased and showed significant growth which recorded 8.0 percent in 1999-2000. In 1991-92 agriculture and allied sectors growth was negative and recorded the growth rate as – 1.4 percent at the same time industry and allied sector also showed negative growth as – 0.1 percent. While the service sector recorded significant positive growth rate at 2.3 percent. In the year 1999-2000 the growth rate of service sector was declined at 11.4 percent, manufacturing construction and allied activities increased with fluctuation and recorded 6.2 percent but the agriculture, forestry and allied sector declined at 2.8 percent.

Table No. 1.1B: Annual Growth Rate of Real Gross Domestic Product at Factor Cost by Industry of Origin (Percent)

Year	Annual Gross Domestic Product at Factor Cost	Agriculture, Forestry & Fishing, Mining & Quarrying	Manufacturing, Construction, Electricity, Gas & Water Supply	Trade, Hotels, Transport & Communication	Financing, Insurance, Real Estate & Business Services	Community, Social & Personal Services
1991-92	1.4	-1.4	-0.1	2.3	10.8	2.6
1992-93	5.4	6.0	3.6	5.6	5.4	6.0
1993-94	5.7	3.1	6.1	6.9	11.2	4.5
1994-95	6.4	5.2	9.1	9.9	3.9	2.3
1995-96	7.3	0.0	12.0	13.4	8.1	7.3
1996-97	8.0	8.9	7.2	8.1	6.2	8.1
1997-98	4.3	-1.3	3.3	7.5	11.7	8.3
1998-99	6.7	5.9	4.3	7.7	7.8	9.7
1999-2000	8.0	2.8	6.2	11.4	13.0	12.0
2000-01	4.1	0.3	6.5	6.4	3.5	4.6
2001-02	5.4	5.5	2.7	8.6	6.2	4.0
2002-03	3.9	-4.9	7.1	8.3	7.2	3.8
2003-04	8.0	8.2	7.9	11.2	5.3	5.3
2004-05	7.1	1.1	10.0	9.5	7.7	6.8
2005-06	9.5	4.6	10.7	12.0	12.6	7.1
2006-07	9.6	4.6	12.7	11.6	14.0	2.8
2007-08	9.3	5.5	10.3	10.9	12.0	6.9
2008-09	6.7	0.4	4.7	7.5	12.0	12.5
2009-10	8.6	1.5	9.5	10.4	9.7	11.7
2010-11 (3R)	8.9	8.3	7.6	12.2	10.0	4.2
2011-12 (2R)	6.7	4.4	8.5	4.3	11.3	4.9
2012-13 (1R)	4.5	1.0	1.2	5.1	10.9	5.3
2013-14 (PE)	4.7	4.0	0.5	3.0	12.9	5.6

Source: Economic Survey 2013-14, Government of India, Ministry of Finance, (Statistical Appendix, p. 7)

In the second part the table showed the growth rate of GDP as 4.1 percent in 2000 to 2001 which increased with fluctuation and recorded as 9.5 percent in 2005-06. In 2000-01 agriculture sector shows drastic reduction at 0.3 percent. In 2005-06 agriculture and allied sector showed growth rate of 4.6 percent, while industry had rapid growth rate of 10.7 percent.

In the third part the table B showed that in 2006-07 annual growth rate of GDP stood at 9.6 percent, which is decreased in 2009-10 and showed 8.6 percent growth. In 2009-10 the GDP growth rate increased at 8.6 percent, agriculture and

allied sectors growth rate was 1.5 percent, while industrial sector and service sector increased at 9.5 percent and 10.4 percent respectively than previous year.

In the fourth part the table showed the growth rate of GDP at 8.9 percent in 2010-11(3R), but decreased and stood at 4.7 percent in 2013-14 (PE). In the year 2013-14 (PE) agriculture sector and financing, insurance, real estate service sector increased than previous year at 4.0 percent and 12.9 percent respectively. But industrial sector and trade, hotels, transport service sector decreased than previous year and stood at 0.5 percent and 3.0 percent respectively.

Table No. 1.2 :India's Growth Rate in GDP, Agricultural GDP Growth, Industrial GDP Growth

Year	India's Growth Rate in GDP (1990-2000 Prices Factor Cost)	Agricultural GDP Growth (1993-94 Prices)	Industrial GDP Growth (1993-94 Prices)
1991-92	1.4	-1.85	-0.6
1992-93	5.4	6.22	4.0
1993-94	5.7	4.1	5.2
1994-95	6.4	5.1	10.2
(2004-2005 Prices)			
1995-96	7.29	-0.70	11.29
1996-97	7.97	9.92	6.39
1997-98	4.30	-2.55	4.01
1998-99	6.68	6.32	4.15
1999-2000	8.00	2.67	5.96
2000-01	4.15	-0.01	6.03
2001-02	5.39	-6.01	2.61
2002-03	3.88	-6.60	7.21
2003-04	7.97	9.05	7.32
2004-05	7.05	0.18	9.81
2005-06	9.48	5.14	9.72
2006-07	9.57	4.16	12.17
2007-08	9.32	5.80	9.67
2008-09	6.72	0.09	4.44
2009-10	8.59	0.81	9.16
2010-11	8.91	8.60	7.55
2011-12	6.69	5.02	7.81
2012-13 (RE)	4.47	1.42	0.96
2013-14 (Adv.E)	4.74	4.71	0.35

Source : 1. Data book compiled for use of Planning Commission, Planning Commission, Government of India

2. Data book compiled for use of Planning Commission, Planning Commission, Government of India (for period 1991-1995), 18th May 2011

3. Data book compiled for use of Planning Commission, Planning Commission, Government of India (for period 1995-2014) 3rd June 2014) p. 19

4. <http://planningcommission.gov.in>

Table No. 1.2 showed India's growth rate in GDP, Agriculture GDP and Industrial GDP during the entire period of our study from 1991-92 to 2010-11.

In the year 1991-92 India's growth rate in GDP was 1.4 percent, it was the lowest growth rate in GDP in our entire period of study. The table showed the growth rate of Indian economy was decreased in the year 2002-03 and stood at 3.88 percent. In the year 2003-04 and 2005-06 it improved at 7.97 percent and 9.48 percent respectively.

In the year 1991-92, the table showed the negative growth of agriculture sector at -1.85 percent. In 1992-93, the growth rate of agriculture sector improved and stood at 6.22 percent. In the year 1997-98 and 2000-01 the agricultural production was badly hampered and showed negative growth rate at -0.70 percent and -0.01 percent respectively.

The table showed in the year 2003-04 there was substantial improvement in the agricultural GDP growth rate than the previous year, which reached to 9.05 percent. In the year 2012-13 (RE) the growth of this sector decreased and which stood at 1.42 percent. But in the year 2013-14 (Adv. E), it jumped back to 4.71 percent by showing a significant improvement.

In the year 1991-92 industrial growth rate was the lowest showing the negative performance at -0.6 percent. In the year 2008-09 industrial growth decreased and stood at 4.49 percent. But again it improved in the next year in 2009-10 and stood at 9.16 percent. In the year 2012-13 (RE) and 2013-14(Adv. E) it decreased and showed at 0.96 percent and 0.35 percent respectively.

India's Growth Rate in GDP, Agricultural GDP Growth, Industrial GDP Growth

Table No. 1.2 shows India's growth rate in GDP, Agricultural GDP growth and Industrial GDP growth during the entire period under study from 1991-92 to 2010-11.

In the year 1991-92 India's growth rate in GDP was 1.4 percent. But there was negative growth rate in agricultural GDP and industrial GDP at -1.85 and -0.6 percent respectively.

The table shows that in 1995-96 India's growth rate in economy increased and reached at 7.29 percent, due to the increased in growth rate of Indian industry which reached to 11.29 percent. But in the same year agricultural production decreased and there was negative growth rate at -0.70 percent which affected GDP growth rate also, which could otherwise have been better.

The table indicates that the year 1997-98 was bad for Indian economy, as the GDP rate was reduced almost to half than previous year, which stood at 4.30 percent. This happened as the agricultural production was hampered and it

showed a negative growth rate of – 2.55 percent. Even the industrial GDP growth rate reduced than previous year which declined to 4.01 percent.

In 2002-03 India's growth rate slipped to 3.88 percent, much below than previous year due to negative growth rate in agricultural GDP, which went down to – 6.60 percent a severe setback than previous year. But comparatively the industrial GDP growth rate made a remarkable progress which stood at 7.21 percent.

In the year 2003-04, India's GDP growth rate was 7.97 percent which almost doubled than previous year. The agricultural GDP growth rate made a remarkable recovery with growth rate at 9.05 percent, much better than the previous year. The industrial GDP was at 7.32 percent. It made a slight improvement than last year.

The table shows that agriculture and industrial sectors were badly hampered in 2008-09 and decelerated with growth rate at 0.09 percent and 4.44 percent respectively. Because of their poor performance, India's growth rate in GDP decreased and reached at 6.72 percent.

In the year 2012-13 (RE) the growth rate of Indian economy the agricultural GDP growth rate and industrial GDP growth rate decreased at 4.47 percent, 1.42 percent and 0.96 percent respectively.

The table indicates that the growth rate in GDP of India stood at 4.74 percent while growth rate of agricultural sector improved than previous year and stood at 4.71 percent. But the industrial GDP growth rate decreased and reached at 0.35 percent.

The CGR of Annual Growth Rate of Real Gross Domestic Product at Factor Cost

The total CGR of gross domestic product at factor cost from 1991 to 1995 showed at 58.62 percent. The CGR of trade, hotels, transport & communication sector showed excellent performance, which stood at 58.61 percent. But the CGR of the financing, insurance, real estate and business services showed the negative position at -20.75 percent. But CGR of the public administration and defence and other service indicated good performance at 31.56 percent.

The CGR for the period 1995-2000 showed bad performance than previous period which was at negative position and stood at -0.96 percent. In the same period CGR of the manufacturing, construction, electricity, gas & water supply sector and the CGR of trade, transport and communication sector stood at negative position which was - 16.77 percent and - 4.18 percent respectively. Financing, insurance, real estate and business services sector showed CGR at 4.03 percent and public administration and defence and other services sector showed better performance at 15.48 percent.

The total CGR for the period 2000-2005 stood at 14.59 percent which was the second highest during the entire period of our study. In this period the CGR of manufacturing, construction, electricity, gas and water supply showed good position at 21.35 percent. Trade, hotels, transportation and communication sector and financing, insurance, real estate and business services sectors CGR stood at 11.48 and 11.81 percent respectively. But the CGR of public administration and defence and other services showed decrease performance at 4.10 percent.

Table No. 1.3: Annual Growth Rates of Real Gross Domestic Product at Factor Cost

Year	Agriculture, Forestry & Fishing, Mining & Quarrying	Manufacturing, Construction, Electricity, Gas & Water Supply	Trade, Hotels, Transport & Communication	Financing, Insurance, Real Estate and Business Services	Public Administration & Defence and Other Services	Gross Domestic Product at Factor Cost (2 to 6)
1991-92	-1.4	-0.1	2.3	10.8	2.6	1.4
1992-93	6.0	3.6	5.6	5.4	6.0	5.4
1993-94	3.1	6.1	6.9	11.2	4.5	5.7
1994-95	5.2	9.1	9.9	3.9	2.3	6.4
CGR	-	-	58.21	-20.75	31.56	58.62
1995-96	0.0	12.0	13.4	8.1	7.3	7.3
1996-97	8.9	7.2	8.1	6.2	8.1	8.0
1997-98	-1.3	3.3	7.5	11.7	8.3	4.3
1998-99	5.9	4.3	7.7	7.8	9.7	6.7
1999-2000	2.8	6.2	11.1	8.8	13.7	7.6
CGR	-	-16.77	-4.18	4.03	15.48	0.96
2000-01	0.3	6.5	6.4	4.5	4.6	4.3
2001-02	5.5	2.7	8.6	7.1	4.1	5.5
2002-03	-4.9	7.1	8.5	7.7	3.9	4.0
2003-04	8.2	7.9	11.1	5.8	5.4	8.1
2004-05	1.1	10.0	9.7	8.7	4.9	7.0
CGR	-	21.35	11.48	11.81	4.10	14.59
2005-06	4.6	10.7	12.0	12.6	7.1	9.5
2006-07	4.6	12.7	11.6	14.0	2.8	9.6
2007-08	5.5	10.3	10.9	12.0	6.9	9.3
2008-09	0.4	4.7	7.5	12.0	12.5	6.7
2009-10	1.7	8.6	10.3	9.4	12.0	8.4
CGR	-35.81	-13.33	-7.15	-7.13	28.99	-5.88
2010-11 (Q)	6.8	7.4	11.1	10.4	4.5	8.4
2011-12 (A)	1.9	4.5	11.2	9.1	5.9	6.9

Source : CSO, Economic Survey of India 2011-12 (Statistical Appendix, p. 7)

The CGR for the period 2005-2010 showed negative position at -5.88 percent. In this period the compound growth rate of agriculture, forestry and fishing, mining and quarrying sector revealed negative CGR at -35.81 percent. Electricity, gas and water supply sector showed negative CGR at -13.33 percent. Trade, hotels, transport and communication sector and financing, insurance, real estate and business services showed negative performance at -7.15 percent and -7.13 percent respectively. But the CGR of public administration and defence and other services sector showed good performance which stood at 28.99 percent.

Annual Growth Rate of Gross National Income and Net National Income (Contd...)

Table No. 1.4: Annual Growth Rate of Gross National Income and Net National Income (Contd...)

Year	Gross National Income at Factor Cost		Net National Income at Factor Cost		Per Capita Net National Income	
	At Current Prices	At 2004-05 Prices	At Current Prices	At 2004-05 Prices	At Current Prices	At 2004-05 Prices
	Annual Growth Rate	Average Growth Rates	Annual Growth Rate	Average Growth Rates	Annual Growth Rate	Average Growth Rates
1	2	3	4	5	6	7
First Plan (1951-56)	1.8	3.7	1.9	4.2	0.0	2.4
Second Plan (1956-61)	9.5	4.2	9.6	4.2	7.4	2.2
Third Plan (1961-66)	9.6	2.8	9.5	2.6	7.1	0.3
Three Annual Plans (1966-69)	12.2	3.9	12.2	3.7	9.8	1.5
Fourth Plan (1969-74)	11.1	3.4	10.8	3.2	8.4	0.9
Fifth Plan (1974-79)	10.7	4.9	10.4	4.9	8.0	2.6
Annual Plan (1979-80)	9.4	-5.0	8.4	-5.9	5.8	-8.2
Sixth Plan (1980-85)	15.3	5.4	15.3	5.4	12.8	3.1
Seventh Plan (1985-90)	14.1	5.6	13.8	5.5	11.4	3.3
Two Annual Plans (1990-92)	15.7	3.2	15.3	2.8	13.0	0.8
Eighth Plan (1992-97)	16.4	6.6	16.6	6.7	14.2	4.6
Ninth Plan (1997-2002)	10.9	5.7	10.7	5.5	8.7	3.6
Tenth Plan (2002-2007)	12.7	7.6	12.7	7.5	11.0	5.9
Eleventh Plan (2007-12)	16.2	8.0	16.3	7.8	14.7	6.3

Source : Economic Survey of India 2013-14 (Statistical Appendix, p. 4)

Consistent growth in the GDP of any country leads to growth in the national income and per capita income of the population. Table No. 1.4 gives the annual growth rate of gross national income and per capita income planwise. The table gives the growth rate of current prices and at constant prices (2004-05 prices) and for our analysis we show the growth of constant prices, which is a better reflector of the growth rates.

Column No. 2 and 3 showed the gross national income at current and constant prices. Gross national income annual growth rate at constant prices was 3.7 percent during the First Five Year Plan, which increased to 3.9 percent in 1966-69 and decreased to -5.0 percent in Annual Plan period 1979-80. During the Seventh Five Year Plan at constant prices gross national income annual growth rate was increased and stood at 5.6 percent. In Eighth Five Year Plan in 1992-96 it improved and recorded at 6.6 percent. In Tenth Five Year Plan and Eleventh Five Year Plan it showed good performance at 7.6 percent and 8.0 percent respectively. From 1999 to 2008 the share of national income rose because the share of service sector increased in GDP.

Column No. 4 and 5 showed the Net National Income at current prices and constant prices. Net national income at current prices was 1.9 percent during the First Five Year Plan, which increased to 12.2 percent in 1966-69, but decreased in Fourth Five Year Plan period in 1969-74 at 10.8 percent. Due to increase in prices during 1972-74 and shortfall in production on account of lower utilization of capacity were the principle factors responsible for a lower growth rate during the Fourth Plan. During the Sixth Five Year Plan period and Eighth Plan period at current prices net national incomes growth rate increased at 15.3 percent and 16.6 percent respectively. During the Eleventh Plan period the growth rate of net national income was 16.3 percent at constant prices.

Column No. 6 and 7 explains the per capita net national income at current and constant prices. Per capita net national income at current prices growth rate was lower at 0.0 percent during the First Five Year Plan. Thereafter it increased slightly but decreased at 7.1 percent in the Third Plan period because there was a serious drought and the business recession. But it increased to 12.8 percent in 1980-85 in Sixth Plan period and 14.2 percent in Eighth Plan period. In Eleventh Plan period this annual growth rate increased at 14.7 percent at constant prices.

**Table No. 1.5A :Gross Domestic Savings and Gross Fixed Capital Formation
(As percent of GDP at Current Market Prices) (2004-05 Series)**

Year	Gross Domestic Savings				Gross Fixed Capital Formation		
	Household Sector	Private Corporate Sector	Public Sector	Total (2+3+4)	Pubic Sector	Private Sector	Total (6+7)
1	2	3	4	5	6	7	8
1951-52	5.7	1.2	2.8	9.8	2.8	6.7	9.5
1961-62	6.5	1.7	3.4	11.6	6.7	6.8	13.4
1971-72	10.3	1.5	3.3	15.1	6.4	8.3	14.7
1981-82	10.8	1.5	5.2	17.5	9.9	8.7	18.6
1990-91	18.5	2.6	1.8	22.9	10.2	13.6	23.8

Source : Economic Survey of India 2013-14 (Statistical Appendix, p. 10)

Table No. 3.5A shows the data of Gross Domestic Savings and Gross Fixed Capital Formation as percent of GDP at current market prices during 1951 to 1991.

Analyzing the major components of Gross Domestic Savings the household sector is the major contributor to GDS recorded at 5.7 percent in 1951-52, which increased to 10.3 percent in 1971-72 and further increased at high level of 18.5 percent in 1990-91.

The table showed the share of private corporate sector at 1.2 percent in 1951-52, which was improved to 1.5 percent in 1971-72 and further increased to 2.6 percent in 1990-91.

Gross Fixed Capital Formation

Table No. 3.5A shows the data of Gross Fixed Capital Formation, which was 9.5 percent of GDP in 1951-52 has shown a substantial increase and reached at a level of 23.8 percent in 1990-91.

The private corporate sector improved from 6.7 percent in 1951-52, which sharply rose to 13.6 percent in 1990-91.

Gross Domestic Savings as Percentage of GDP

Table No. 1.5B: Gross Domestic Savings as Percentage of GDP

Year	Gross Domestic Savings as Percentage of GDP				Gross Fixed Capital Formation		
	Household Sector	Private Corporate Sector	Savings Public Sector	Total (2+3+4)	Pubic Sector	Private Sector	Total (6+7)
1	2	3	4	5	6	7	8
1991-92	15.7	3.0	2.6	21.3	10.5	12.1	22.6
1992-93	16.5	2.6	2.2	21.3	9.2	13.8	23.0
1993-94	17.0	3.4	1.3	21.7	8.9	12.6	21.5
1994-95	17.9	3.4	2.3	23.6	9.8	12.1	21.8
1995-96	16.2	4.8	2.6	23.6	8.6	15.4	24.1
1996-97	15.8	4.4	2.2	22.4	7.7	15.5	23.1
1997-98	18.1	4.2	1.9	24.2	7.2	16.5	23.7
1998-99	19.5	3.8	-0.2	23.2	7.1	16.5	23.7
1999-2000	21.7	4.3	-0.5	25.5	6.9	17.1	24.0
2000-01	21.3	3.7	-1.3	23.7	6.7	16.0	22.7
2001-02	23.1	3.3	-1.6	24.8	6.8	18.3	25.1
2002-03	22.2	3.9	-0.3	25.9	6.6	17.1	23.7
2003-04	23.1	4.6	1.3	29.0	6.7	17.8	24.5
2004-05	23.6	6.6	2.3	32.4	6.9	21.8	28.7
2005-06	23.5	7.5	2.4	33.4	7.3	23.0	30.3
2006-07	23.2	7.9	3.6	34.6	7.9	23.4	31.3
2007-08	22.4	9.4	5.0	36.8	8.0	24.9	32.9
2008-09	23.6	7.4	1.0	32.0	8.5	23.8	32.3
2009-10 (PE)	25.2	8.4	0.2	33.7	8.4	23.3	31.7
2010-11 (3R)	23.1	8.0	2.6	33.7	7.8	23.1	30.9
2011-12 (2R)	22.8	7.3	1.2	31.3	7.1	24.7	31.8
2012-13 (1R)	21.9	7.1	1.2	30.1	7.8	22.6	30.4

Source : Economic Survey of India 2013-14 (Statistical Appendix, p. 11)

Table No. 3.5B presents the data of Gross Domestic Savings (GDS) during 1991-92 to 2012-13. The data indicates that GDS as percentage of GDP at market prices improved from 21.3 percent in 1991-92 and 23.6 percent in 1995-96 respectively. It improved again at 24.2 percent in 1997-98. Slightly it decreased at 23.7 percent in 2000-01, but increased at 24.8 percent in 2001-02 and subsequently reached a level of 32.4 percent in 2004-05. By 2005-06, gross domestic savings was at the level of 33.4 percent, but rose sharply, thereafter reached a highest level of 36.8 percent in 2007-08, which decreased at 32.0 percent in 2008-09 and again improved and reached at 33.7 percent in 2009-10, but slightly declined to 30.1 percent in 2012-13 (PE).

Share of private corporate sector contributed 3.0 percent in 1991-92 increasing to 3.4 percent in 1993-94 and 4.8 percent in 1995-96 respectively. Thereafter it declined at 3.3 percent in 2001-02 and gradually increased to 7.9 percent in 2006-07. Thereafter there was sharp increase in the corporate sector saving reaching a higher level of 9.4 percent of GDP in 2007-08. This was mainly due to the introduction of economic reforms, which were brought in 1991. This brought in laurels to corporate sector savings. Thereafter it indicated decline in 2008-09 at 7.4 percent, which further declined to 7.1 percent in 2012-13 (1R).

Gross Fixed Capital Formation

Table No. 3.5B present data of Gross Fixed Capital Formation as Percentage of GDP, in which it was 22.6 percent in 1991-92, has increased at 24.1 percent in 1995-96. There after it became constant but shown a sustained increase and reached at 24.0 percent in 1999-2000. It increased with fluctuation and reached a level of 28.7 percent in 2004-05. There was a rapid increase in GDP of gross fixed capital formation, which reached a record level of 32.9 percent in 2007-08. Then the data of GDP showed continuous decline to 30.9 percent in 2010-11 (3R). There was progress in 2011-12 (2R) which improved with 31.8 percent but there after it slightly declined in 2012-13 to 30.4 percent.

Index Numbers of Industrial Production Growth Rates

The data revealed that GDS as a percentage of GDP at market prices improved from 9.8 percent in 1951-52 to 15.1 percent in 1971-72 and there after further increased at high level of 22.9 percent in 2006-07.

Analyzing the major components of Gross Domestic Savings the household sector is the major contributor to GDS recorded at 5.7 percent in 1951-52, which increased to 10.3 percent in 1971-72 and further increased at high level of 18.5 percent in 1990-91.

Table No. 1.5 : Index Numbers of Industrial Production Growth Rates

Year	Mining & Quarrying	Manufacturing	Electricity	General
Weight	11.46	77.11	11.43	100
1991-92	0.6	-0.8	8.5	0.6
1992-93	0.5	2.2	5.0	2.3
1993-94	3.5	6.1	7.4	6.0
Weight	10.47	79.36	10.17	100
1994-95	9.8	9.1	8.5	9.1
1995-96	9.7	14.1	8.1	13.1
1996-97	-1.9	7.3	4.0	6.1
1997-98	7.0	6.6	6.6	6.6
1998-99	-0.8	4.4	6.4	4.1
1999-2000	1.0	7.2	7.3	6.6
2000-01	2.8	5.4	4.0	4.9
2001-02	1.3	2.9	3.1	2.8
2002-03	5.8	6.0	3.2	5.8
2003-04	5.3	7.4	5.0	7.0
2004-05	4.4	13.2	5.2	11.7
Weight	14.16	75.53	10.32	100
2005-06	2.3	10.3	5.2	8.6
2006-07	5.2	153.0	7.3	12.9
2007-08	4.6	18.4	6.3	15.5
2008-09	2.6	2.5	2.7	2.5
2009-10	7.9	4.8	6.1	5.3
2010-11	5.2	9.0	5.5	8.2
2011-12	1.0	7.5	8.2	6.8

*Source : Reserve Bank of India, Handbook of Statistics on Indian Economy
www.https://rbi.org.in/scripts/publicationsview.aspx?id=13817page 1/2, 2/2*

Table No. 1.6A
Indian Economy : Some Indictors in 9th, 10th, 11th and Twelfth Plans (31st May, 2014)

	Ninth Plan Average (1997-99 to 2001-02)	2002-03	2003-04	2004-05	2005-06	2006-07	Average for the 10 th Plan (2002-03 to 2006-07)	First Year of the 11 th Plan 2007-08	Second Year of the 11 th Plan 2008-09	Third Year of the 11 th Plan 2009-10	Fourth Year of the 11 th Plan 2010-11	Fifth Year of the 11 th Plan 2011-12	First Year of the 12 th Plan 2012-13	Second Year of the 12 th Plan 2013-14 (Projected EAC)
India's Growth Rates in GDP (2004-2005 Prices) (Factor Cost)	5.70	3.88	7097	70.5	9.48	9.57	7.59	9.32	.6.72	8.59	8.91	6.69	4.47	4.74
Growth Indicators														
Industrial GDP Growth (2004-05 Prices)	4.43	7.21	732	9.81	9.72	12.17	9.25	9.67	4.44	9.16	7.55	7.81	0.96	0.35
Agriculture & Allied Sector Growth (2004-05 Prices)	9.38	-6.60	9.05	0.18	5.14	4.16	2.3	5.80	0.09	0.81	8.60	5.02	1.42	4.71
Services Sector Growth (2004-05 Prices)	14.22	6.74	7.89	8.28	10.91	10.06	8.77	10.27	9.98	10.50	9.67	6.57	6.96	7.00
Internal Balance Indicators														
Gross Domestic Saving (% of GDP, 2004-05 Series)	24.35	25.93	29.03	32.41	33.44	34.60	31.08	36.82	32.02	33.69	33.68	31.35	30.09	30.5
Gross Domestic Capital	24.97	25.02	26.17	32.45	34.28	35.87	30.76	38.03	35.53	36.30	36.53	36.39	34.70	31.4

Formation./ Investment (% of GDP, 2004- 05)														
Saving- Investment Gap	-0.63	0.91	2.86	-0.05	-0.84	1.27	0.32	-1.21	-3.51	-2.61	-2.85	-504	-4.61	-0.90
Fiscal Deficit (% of GDP, 2004-05 Series)	5.73	5.73	4.34	3.88	3.96	3.32	4.25	2.54	5.99	6.46	4.79	5.70	4.90	4.5
Rate of Inflation (WPI) – Average	4.86	3.40	5.50	6.50	4.40	6.50	5.26	4.82	8.00	3.60	9.60	8.80	7.50	5.9
Rate of Inflation (CPI-IW) – Average	3.80	4.10	3.80	3.90	4.20	6.80	4.56	6.20	9.10	12.30	10.50	8.40	10.20	9.5
M3 Growth (Annual, end December)	16.49	14.00	15.90	20.00	22.10	20.50	18.50	19.20	16.20	15.80	13.40	17.00	14.10	15.0
External Balance Indicators														
Export Growth (US \$bn)	5.67	20.36	23.23	28.51	23.47	22.53	23.2	28.94	13.72	-.49	37.34	23.67	-1.03	3.9
Import Growth (US \$bn)	5.31	15.56	24.03	49.63	32.13	21.39	28.15	35.08	19.76	-2.56	26.78	31.07	0.54	-7.2
Current Account (% of GDP, 2004-05 Series)	-0.27	1.20	2.30	-0.30	-1.20	-1.00	0.20	-1.30	-2.30	-2.80	-2.70	-4.20	-4.70	-1.7
Debt Service Ratio	17.12	16.00	16.10	5.90	10.10	4.70	10.56	4.80	4.40	5.80	4.30	6.00	4.50	4.5

Source : Data book compiled for use of Planning Commission, Planning Commission, Government of India
Data book for DCH : 3rd DCH : 3rd June 2014, p. 20 <http://planningcommission.gov.in>

Table No. 1.7A : Quarterly GDP by Activity at Factor Cost (at Const. 2004-05 Prices) (% GDP, %YoY) – Summary

	2012-13 (FY 2013)				2013-14 (FY 2014)				% Change over Previous Year	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2012-13	2013-14
1. Agriculture, Forestry & Fishing	1.82	1.77	0.77	1.59	4.01	5.03	3.69	6.33	1.42	4.71
2. Mining & Quarrying	-1.08	-0.13	-2.04	-4.79	-3.88	0.00	-1.19	-0.45	-2.16	-1.38
3. Manufacturing	-1.08	-0.03	2.50	3.04	-1.16	1.34	-1.51	-1.41	1.14	-0.71
4. Electricity, Gas & Water Supply	4.22	1.33	2.60	0.92	3.77	7.80	5.00	7.17	2.26	5.92
5. Construction	2.76	-1.85	1.00	2.40	1.05	4.43	0.63	0.69	1.11	1.64
6. Trade, Hotels, Transport	4.01	5.57	5.87	4.84	1.59	3.59	2.88	3.88	5.07	3.02
7. Financing, Insurance, Real Estate & Business	11.67	10.65	10.18	11.18	12.89	12.08	14.13	12.39	10.92	12.87
8. Community, Social & Personal	7.62	7.39	4.04	2.76	10.59	3.56	5.74	3.30	5.31	5.55
GDP at Factor Cost	4.46	4.62	4.35	4.44	4.66	5.15	4.56	4.61	4.4	4.74

Table No. 1.7B : Quarterly GDP by Activity at Factor Cost (at Current Prices) (% GDP, %YoY) – Summary

	2012-13 (FY 2013)				2013-14 (FY 2014)				% Change over Previous Year	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2012-13	2013-14
1. Agriculture, Forestry & Fishing	10.91	10.01	8.51	10.00	12.69	18.15	18.09	14.45	9.73	15.89
2. Mining & Quarrying	4.44	4.17	1.09	-7.64	-5.05	3.02	1.36	1.05	-0.13	0.11
3. Manufacturing	4.39	6.45	8.35	8.08	2.06	3.78	1.36	1.72	6.85	2.21
4. Electricity, Gas & Water Supply	13.58	18.51	16.55	14.64	27.06	27.81	29.33	32.53	15.82	29.22
5. Construction	12.19	7.48	10.01	10.97	5.95	11.38	7.74	6.02	10.18	7.69
6. Trade, Hotels, Transport	10.37	12.93	13.24	12.13	6.03	9.90	8.64	7.28	12.18	7.97
7. Financing, Insurance, Real Estate & Business	17.90	17.45	16.44	16.49	18.69	20.13	22.11	18.81	17.05	19.94
8. Community, Social & Personal	18.80	18.51	14.94	13.44	18.54	12.41	14.54	9.85	16.22	13.50
GDP at Factor Cost	11.91	12.58	11.73	11.41	10.59	12.71	12.76	10.18	11.88	11.54

Data book compiled for use of Planning Commission, Planning Commission, Government of India Data book for DCH : 3rd DCH : 3rd June 2014, p. 21
<http://planningcommission.gov.in>

CONCLUSIONS:

1. Industrial growth rate as compared to planning period has improved but growth not even.
2. The economy GDP growth rate has improved a lot in post reform period mainly due to better performance of the service sector and industrial sector. Agricultural growth rate needs acceleration in reform period and the government both Centre and States have to focus upon new strategy to improve agricultural growth rate.

3. Improved agricultural performance is the key to better industrial growth, as the rural population is still the backbone of demand for industrial and consumer food industry. The agricultural sector needs a massive boost for growth. Crop productivity, more farm credit, better technology will need a massive investment by the the government and urban agricultural growth picks ups industries in India will have better demand for their products.
4. GDP growth rate during the reform period has shown marked sign of improvement, but with fluctuation. It is after 2003-04, that growth was steadier. As compared to developed countries of Europe, USA growth rate of Indian economy was higher.
5. India has become the fastest growing economy in the world and this has become possible due to speed growth of Indian industries and other multinationals, which started their production in India. Even growing middle class and higher middle class population and their rising income have definitely contributed to their purchasing power, which is the cause of growth of industries. India has witnessed tremendous growth in the manufacturing sector as well as in services sector due to local demand and growing exports.
6. Industrial growth rate improvement, has been a factor, enhancing growth rate of the economy. However, the service sector growth, has been a major factor for enhanced GDP growth.
7. Household sector share in Gross Domestic Savings was more in the period under study.

REFERENCES:

1. Data book compiled for Use of Planning Commission, Planning Commission, Government of India, 18th May 2011 & 3rd June 2014, pp. 19-21.
2. Economic Survey of India, 2011-12 (Statistical Appendix, p. 7)
3. Economic Survey of India, 2011-12 (Statistical Appendix, p. 4, 10-11)
4. Reserve Bank of India, Handbook of Statistics on Indian Economy.
5. <http://planningcommission.gov.in>
6. <http://rbi.org./in/scripts/publicationsview.aspx?id=13817>