STATS WINDOW

The Pacific Business Review International has taken an initiative to start a section which will provide a snapshot of major Global & Indian economic indicators and industry review alternatively.

A snapshot of the section in upcoming issues is hereunder:

Oct. 2015 Education Industry: Global Scenario

Nov. 2015 Economy at a Glance: (Global & Indian)

Dec. 2015 Agriculture Industry: Global Scenario

Jan. 2016 Economy at a Glance: (Global & Indian)

Feb 2015 Pharmaceutical Industry: Global Scenario

Global Economy at a Glance

Based on OECD assumption, growth in both OECD and non-OECD countries is projected to pick up through 2015, after a very weak start to the year. In 2016 growth is projected to strengthen only slightly in the OECD area, but more so in the non-OECD area. After turning slightly negative in early 2015, growth in the United States is projected to recover thanks to supportive, though gradually less accommodative, monetary conditions, the dissipation of fiscal drag, lower energy prices and an ongoing increase in household wealth. However, the pick-up will be tempered by the stronger dollar and falling investment in the energy sector. In the euro area and Japan activity will be supported by lower oil prices, currency depreciation and monetary policy stimulus. Fiscal adjustment is expected to be slower in Japan and pause in the euro area, which will also support growth. In China growth is projected to edge down as the restructuring of the economy progresses, with services taking over from investment and real estate as the main driver of economic growth. In contrast, growth is set to pick up in the other main EMEs: the recessions in Russia and Brazil are projected to give way to low but positive growth in 2016; growth in India will remain broadly stable in 2015 and 2016; and Indonesia's growth is projected to rise over the remainder of 2015 and in 2016.

Table 1. **The global recovery will gain momentum only slowly**

OECD area, unless noted otherwise

	Average 2002-2011	2012	2013	2014	2015	2016	2014	2015 Q4 / Q4	2016
				Per cent					
Real GDP growth[1]									
World[2]	3.9	3.3	3.3	3.3	3.1	3.8	3.3	3.2	3.9
OECD[2]	1.7	1.3	1.4	1.8	1.9	2.5	1.8	2.1	2.6
United States	1.7	2.3	2.2	2.4	2.0	2.8	2.4	1.7	2.8
Euro area	1.1	-0.8	-0.3	0.9	1.4	2.1	0.8	1.8	2.2
Japan	0.7	1.7	1.6	-0.1	0.7	1.4	-0.8	1.9	1.3
Non-OECD[2]	6.7	5.2	5.1	4.7	4.2	4.9	4.6	4.3	5.0
China	10.6	7.7	7.7	7.4	6.8	6.7	7.2	6.7	6.6
Output gap[3]	0.1	-2.1	-2.2	-2.0	-1.9	-1.2			
Unemployment rate[4]	6.9	7.9	7.9	7.3	6.9	6.6	7.1	6.8	6.5
Inflation[5]	2.1	1.9	1.3	1.5	0.7	1.7	1.3	0.9	1.8
Fiscal balance[6]	-4.4	-5.8	-4.2	-3.7	-3.1	-2.5			
Memorandum Items									
World real trade growth	5.6	3.1	3.3	3.2	3.9	5.3	3.6	3.9	5.9

1. Year-on-year increase; last three columns show the increase over a year earlier.
2. Moving nominal GDP weights, using purchasing power parities.
3. Per cent of potential GDP.
4. Per cent of labour force.
5. Private consumption deflator. Year-on-year increase; last 3 columns show the increase over a year earlier.
6. Per cent of GDP.

Source: OECD Economic Outlook 97 database.

The fall in oil prices reallocates income between oil producers and consumers, both within countries that produce oil and between net oil-exporting and net oil-importing countries. This is reflected in major changes in current account balances . The net impact of these transfers on global activity should in itself be positive given that consumers typically have a higher spending propensity than producers. The resulting boost in global demand is a positive development in the context of an overall deficiency of demand. The growth benefits to net oil-importing countries will be offset to some extent by lower exports to oil producers, as these countries have less income At an oil price of USD 65 a barrel, the top ten net oil exporters are projected to lose around USD 450 billion in export earnings this year compared with 2014. The spending boost may take time to be realised, whereas the producer response through lowered investment has taken place more quickly, leaving the net effect of the oil price decline somewhat muted in the near term.

Lower oil prices will add about ¼ percentage point to both global and OECD growth in each of 2015 and 2016. The impact is estimated to be larger in Japan (about 0.6 percentage point per year) and in the United States (about 0.4 percentage point per year including investment effects) than in the euro area (about 0.2 percentage point per year). Despite the positive global impact, countries differ greatly in the extent to which they are affected, given different oil consumption intensities, net oil balances and trade exposures to energy producers.

Table 2. **World trade will strengthen gradually**

Goods and services trade	2012	2013	2014	2015	2016
		Percentage change from previous period			
World trade[1]	3.1	3.3	3.2	3.9	5.3
OECD exports	2.8	2.7	3.7	3.8	5.3
OECD imports	1.3	1.9	3.5	4.6	5.3
Trade prices[2]					
OECD exports	-3.6	0.3	-1.2	-11.6	1.2
OECD imports	-2.7	-0.6	-1.5	-12.7	1.0
Non-OECD exports	0.3	-2.0	-2.7	-7.4	2.5
Non-OECD imports	-0.7	-0.9	-1.9	-3.7	2.9
Current account balances			Per cent of GDP		
United States	-2.9	-2.4	-2.4	-2.6	-3.0
Japan	1.0	0.8	0.5	2.8	3.0
Euro area	2.2	2.8	3.4	3.9	4.1
OECD	-0.4	-0.1	0.0	0.1	0.1
China	2.5	1.6	2.1	2.4	2.1
			$ billion		
OECD	-213	-55	-18	40	44
United States	-461	-400	-411	-475	-557
Japan	62	40	23	116	130
Euro area	274	362	445	451	489
Non-OECD	548	373	408	281	310
China	215	148	220	267	250
Major oil producers	566	440	332	121	153
Rest of the world	-233	-215	-144	-106	-93
World	335	319	390	321	354

Note: Regional aggregates include intra-regional trade.

1. Growth rates of the arithmetic average of import volumes and export volumes.
2. Average unit values in dollars.

Source: OECD Economic Outlook 97 database.

Conventional indicators suggest that slack in labour markets in advanced economies is diminishing. At the level of the OECD as a whole, the unemployment rate has fallen to 7%, a level not seen since 2008 and close to the estimated structural rate. This is particularly true in the United States and Japan, although in the United States involuntary part-time work is still high and some of those now out of the labour force might return if job prospects improve. In the euro area, by contrast, unemployment is still quite high, with the notable exception of Germany, and involuntary part-time work is pervasive. Narrowing gaps between actual and trend participation rates in many countries, partly reflecting population ageing, which pushes down trend rates, is another sign of lower labour market slack.

Table 3. **OECD labour market conditions are likely to improve slowly**

	2011	**2012**	**2013**	**2014**	**2015**	**2016**
			Percentage change from previous period			
Employment						
United States	0.6	1.8	1.0	1.6	1.9	1.0
Euro area	0.2	-0.6	-0.6	0.6	0.9	1.1
Japan	-0.1	-0.3	0.7	0.6	0.3	0.1
OECD	1.0	1.0	0.7	1.3	1.3	1.0
Labour force						
United States	-0.2	0.9	0.3	0.3	1.2	0.7
Euro area	0.3	0.7	0.2	0.1	0.4	0.4
Japan	-0.6	-0.6	0.3	0.2	0.1	0.0
OECD	0.6	1.0	0.6	0.7	0.9	0.7
Unemployment			Per cent	bour force		
United States	8.9	8.1	7.4	6.2	5.5	5.2
Euro area	10.1	11.3	11.9	11.5	11.1	10.5
Japan	4.6	4.3	4.0	3.6	3.5	3.3
OECD	7.9	7.9	7.9	7.3	6.9	6.6

Source: OECD Economic Outlook 97 database.

Fiscal policy is estimated to be roughly neutral in the United States and the euro area and mildly restrictive in Japan (Table 1.6). Consideration of the near-term effects of the fiscal stance, in light of needed growth to service debt obligations, is key. A medium-term commitment to fiscal consolidation appears to appropriately balance the near and long term objectives. Public debt-to-GDP ratios are projected to stabilise by 2016 in the OECD area as a whole, a decline in the ratio in the euro area offsetting an increase in Japan and the United States (in 2015 only). However, government debt is still very high relative to GDP in most OECD countries.

The evolution of government debt essentially depends on economic growth and interest rates going forward, rising budgetary pressures associated with population ageing, and the design of fiscal policies, which itself can have a significant impact on economic activity.

Table 4. **Fiscal positions will continue to improve**

Per cent of GDP / potential GDP

	2012	201	201	201	201
United States					
Actual balance	-9.0	-5.7	-5.0	-4.0	-3.6
Underlying balance	-7.5	-4.6	-4.2	-3.3	-3.1
Underlying primary balance	-4.5	-2.4	-1.5	-1.1	-1.0
Gross financial liabilities	110.5	109.2	110.1	111.4	111.1
Euro area					
Actual balance	-3.6	-2.9	-2.4	-2.1	-1.4
Underlying balance	-2.3	-1.4	-1.0	-0.9	-0.7
Underlying primary balance	0.3	1.0	1.3	1.2	1.2
Gross financial liabilities	103.9	104.9	111.5	110.9	109.5
Japan					
Actual balance	-8.7	-8.5	-7.7	-6.8	-5.8
Underlying balance	-8.0	-8.1	-7.2	-6.6	-5.7
Underlying primary balance	-7.2	-7.4	-6.2	-5.6	-4.9
Gross financial liabilities	215.4	220.3	226.0	229.2	231.7
OECD[1]					
Actual balance[1]	-5.8	-4.2	-3.7	-3.1	-2.5
Underlying balance[2]	-5.0	-3.5	-3.1	-2.7	-2.3
Underlying primary balance[2]	-2.7	-1.7	-1.1	-0.9	-0.7
Gross financial liabilities[2]	110.3	110.3	113.8	114.6	114.2

Note: Actual balances and liabilities are in per cent of nominal GDP. Underlying balances are in per cent of potential GDP and they refer to fiscal balances adjusted for the cycle and for one-offs. Underlying primary balance is the underlying balance excluding net debt interest payments.

1. Excludes Chile and Mexico.
2. Excludes Chile, Mexico and Turkey.

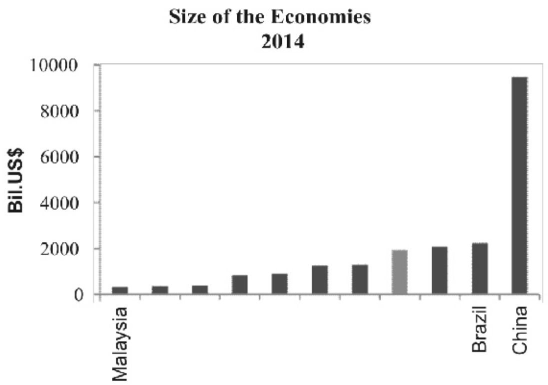
Source: OECD Economic Outlook 97 database.

India Economic Outlook in a Cross Country Perspective

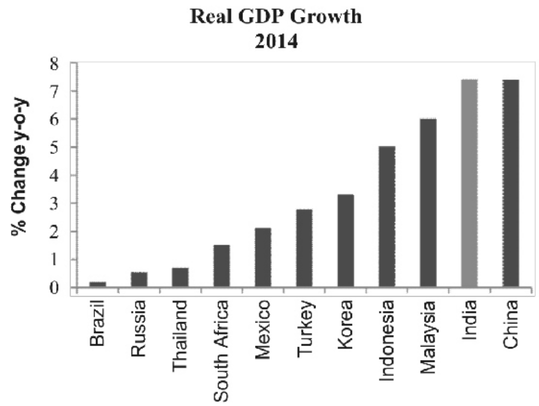
Indian economy has made a remarkable turnaround in response to higher political certainty, improved business confidence and lower commodity prices; real GDP growth (on a 2011/12 National Accounts basis) is projected to rise to 7.2% in 2014-15, accelerating to 7.5% in 2015-16. Domestic and external vulnerabilities have moderated, the fiscal position has begun to improve, and a resumption of capital inflows has allowed a significant rise in foreign reserves. This confluence of achievements has made India one of the bright spots in the global economy.

Below we compare India's economic outlook and indicators of macroeconomic strengths and weaknesses with other large emerging markets in 2014. The set of emerging markets include Brazil, China, Indonesia, Malaysia, Mexico, Russia, South Africa, South Korea, Thailand, Turkey, The data is from Haver, unless otherwise indicated, downloaded on March 15, 2015.

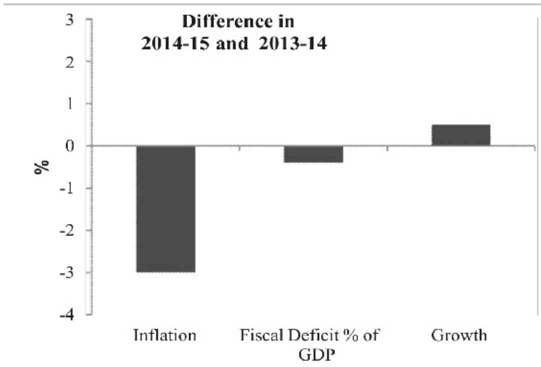
Appendix Figure 1: India is a large economy and…



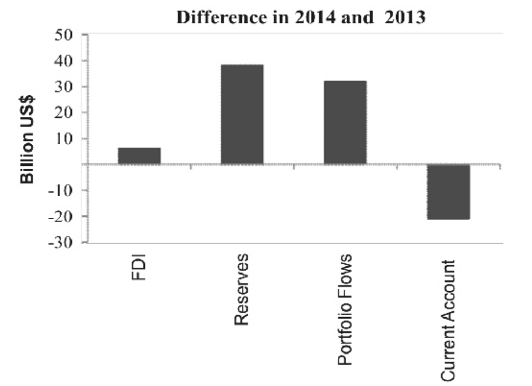
Appendix Figure 2: …One of the fastest growing economy



Appendix Figure 3: Its Macroeconomic Outlook has improved-- Inflation has declined, Fiscal deficit has declined, and growth has accelerated….



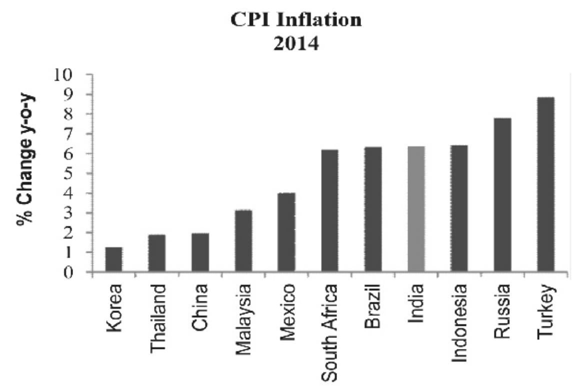
Appendix Figure 4: …and current account deficit has declined, foreign direct and portfolio investment has increased, and accumulation of external reserves has increased



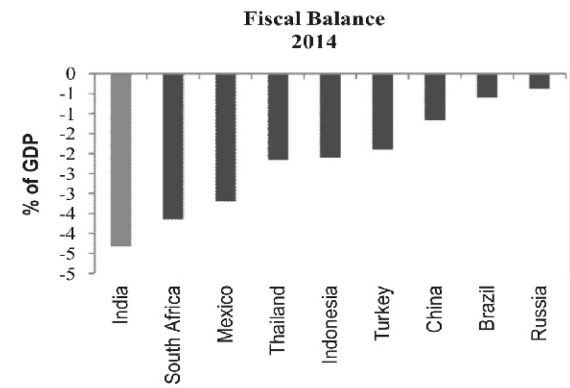
Note: Figure 2, data for 2015 for Turkey, China and Brazil from consensus forecast; calendar years. Figure 3, data for India is from the Reserve Bank of India and the Ministry of Finance. Inflation data for India is for first three quarters of 2014-15; Growth is the estimate for 2014-15 from the CSO. Figure 4 refers to data for calendar year.

However for some of the macro indicators, India's outlook is mixed when compared with other large emerging markets

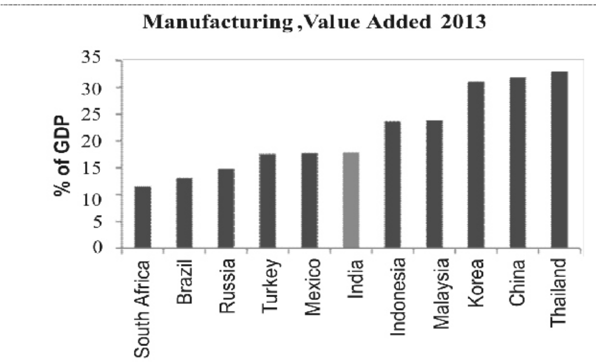
Appendix Figure 5: Inflation is still on the higher side….



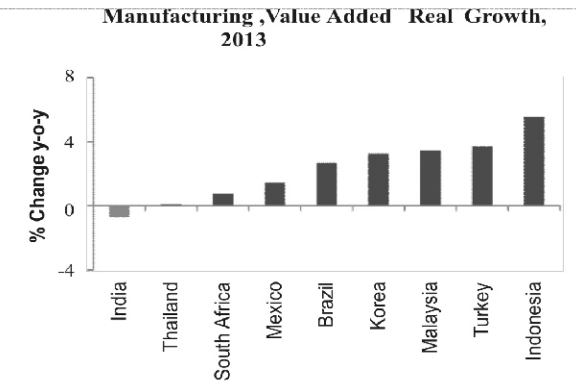
Appendix Figure 6: ….as is the fiscal deficit



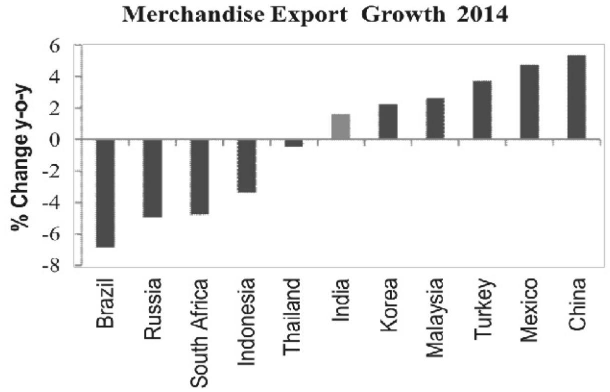
Appendix Figure 7: Share of manufacturing in GDP is low…



Appendix Figure 8: …and has been growing at a modest rate

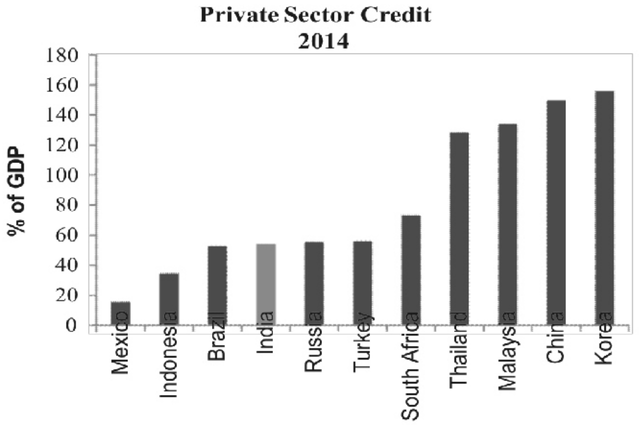


Appendix Figure 9: Exports growth (merchandise) has been slow…

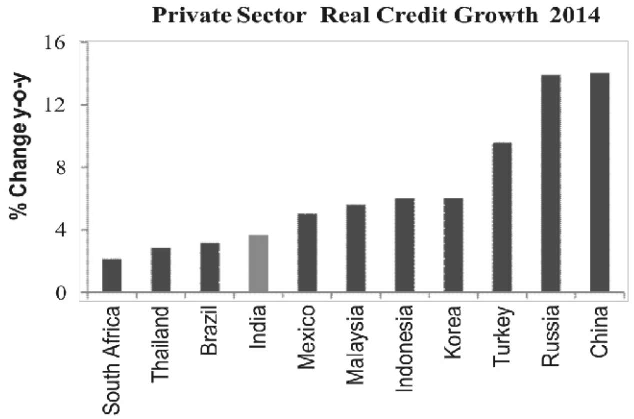


Appendix Figure 10: ….and its share in World Exports is low

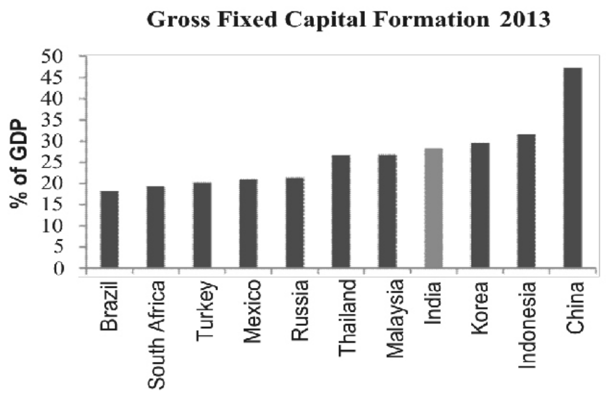
Appendix Figure 11: Credit to GDP ratio has been low…



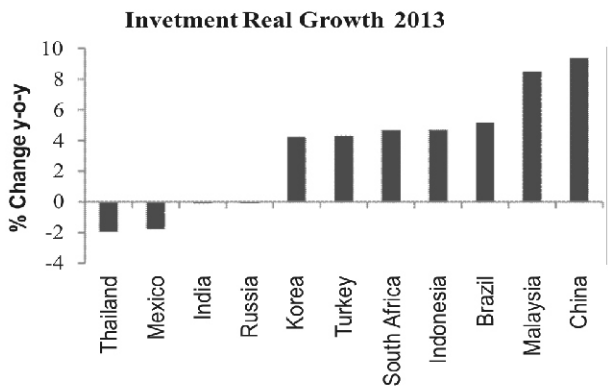
Appendix Figure 12: ….and has been growing slowly



Appendix Figure 13: Rate of Investment is comparable….



Appendix Figure 14: ….but has been growing slowly



Appendix Table 1: Selected Economic Indicators

	Average 2006-2010	2011/12	2012/13	2013/14	2014/15 Proj.	2015/16 Proj.	2016/17 Proj.	2017/18 Proj.
Real Income and Prices (% change)								
GDP, market prices	*8.3*	*6.6*	5.1	6.9	7.2	7.5	7.9	8.0
Private Consumption	*8.2*	*9.3*	5.5	6.2	6.1	7.4	8.5	8.9
Government Consumption	*8.7*	*6.9*	1.7	8.2	8.6	8.7	8	7.5
Gross Fixed Investment	*10.4*	*12.3*	-0.3	3.0	4	9.0	12.0	13.0
Exports, GNFS	*11.2*	*15.6*	6.7	7.3	0.5	6.3	7.5	7.5
Imports, GNFS	*13.6*	*21.1*	6.0	-8.4	-0.4	9.1	13.0	15.0
GDP, factor cost	*8.6*	*6.7*	4.9	6.6	7.1	7.5	7.9	8.1
Agriculture	*3.9*	*5.0*	1.7	3.8	1.2	2.1	2.8	2.8
Industry	*8.6*	*7.8*	2.3	4.4	5.0	5.5	6.1	6.4
Services	*10.1*	*6.6*	8.0	9.1	10.6	10.5	10.5	10.5
GDP Deflator, market prices	*7.2*	*8.5*	7.6	6.2	5.9	6.1	5.2	4.9
Consumption, Investment and Savings (% of GDP)								
Consumption	*68.1*	68.8	69.8	71.0	71.9	72.5	73.5	74.2
Investment 1/	*31.8*	33.6	31.4	29.7	28.8	29.2	30.6	32.0
Gross Savings	*34.2*	33.9	31.8	30.6	..	..	..	..
External Sector								
Current Account Balance (% of GDP)	*-2.0*	-4.3	-4.8	-1.7	-0.7	-0.9	-1.7	-2.7
General Government Finances (% of GDP)								
Deficit 2/	*6.9*	-7.8	-7.2	-6.8	-6.7	-6.1	-5.6	-4.7
Total Debt	*71.3*	68.3	67.7	66.8	64.8	62.7	60.7	58.5

Note:
All figures in *Italics* are based on the old GDP series (2004-05 base) 1/ Gross fixed capital formation
2/ Inclusive of receipts from 3G spectrum auctions and disinvestment
Sources: Central Statistical Office, Reserve Bank of India, and World Bank Staff Estimates.

Appendix Table 2: Central Government Finances

(percent of GDP)	Average 2006-2010	2011-12	2012-13	2013-14	2014-15 (BE)	2014-15 (RE)	2015-16 (BE)
Total Revenue and Grants	***10.2***	**8.7**	**9.1**	**9.2**	**9.7**	**9.1**	**8.6**
Net Tax Revenue	*7.8*	7.1	7.4	7.2	7.6	7.2	6.5
Gross Tax Revenue	*10.7*	10.1	10.4	10.0	10.6	9.9	10.3
Corporate Tax	*3.7*	3.7	3.6	3.5	3.5	3.4	3.3
Taxes on Income	*1.9*	1.9	2.0	2.1	2.2	2.2	2.3
Excise Tax	*2.1*	1.6	1.8	1.5	1.6	1.5	1.6
Service Tax	*1.0*	1.1	1.3	1.4	1.7	1.3	1.5
Customs Duties	*1.8*	1.7	1.7	1.5	1.6	1.5	1.5
Less: States' share	*2.8*	2.9	2.9	2.8	3.0	2.7	3.7
Non Tax Revenue 1/	*2.1*	1.4	1.4	1.8	1.6	1.7	1.6
Non-Debt Capital Receipts	*0.3*	0.2	0.3	0.3	0.5	0.2	0.5
Total Expenditure and Net Lending	***14.8***	**14.6**	**14.0**	**13.6**	**13.8**	**13.2**	**12.5**
Current Expenditure	*13.1*	13.0	12.4	12.1	12.2	11.8	10.9
Interest Payments	*3.3*	3.1	3.1	3.3	3.3	3.3	3.2
Subsidies	*1.9*	2.5	2.6	2.2	2.0	2.1	1.7
o/w Petroleum	*0.2*	0.8	1.0	0.8	0.5	0.5	0.2
Capital Expenditure and Net Lending	*1.7*	1.6	1.5	1.5	1.7	1.4	1.6
Recovery of loans	*0.1*	0.2	0.2	0.1	0.1	0.1	0.1
Capital Spending	*1.9*	1.8	1.7	1.7	1.8	1.5	1.7
Gross Fiscal Deficit (GoI defn)	***4.6***	**5.8**	**4.9**	**4.4**	**4.1**	**4.1**	**3.9**
Memo items							
Disinvestment	*0.3*	0.2	0.3	0.3	0.5	0.2	0.5
Gross Fiscal Deficit (WB defn)	*5.2*	6.0	5.2	4.7	4.6	4.3	4.4
Primary Deficit (GoI defn)	*1.3*	2.7	1.8	1.1	0.8	0.8	0.7
Primary Deficit (WB defn)	*1.9*	3.0	2.0	1.4	1.3	1.0	1.2
Central Government Debt (incl external debt) 2/	*54.8*	46.1	46.1	46.0	45.4	46.8	46.1

Source: Ministry of Finance
Note: 1/ Includes revenues from spectrum auctions
2/ Does not include part of NSSF and MSS liabilities not used for financing Central government debt All figures in *Italics* are based on the old GDP series (2004-05 base)

Appendix Table 3: Development Indicators

Indicator	2000	2005	2010	2011	2012
Demographics					
Population (millions)	1042.3	1127.1	1205.6	1221.2	1236.7
Poverty and Income Distribution					
Poverty $1.25/day PPP, headcount ratio percent	..	41.6	32.7	..	23.6
Poverty $2/day PPP, headcount ratio percent	..	75.6	68.8	..	59.2
National Poverty Estimates, headcount ratio percent	..	37.2	29.8	..	21.9
Gini Coefficient	..	33.4	33.9	..	33.6
Labor					
Labor force participation rate, total	58.6	60.4	54.8	..	53.4
Labor force participation rate, female	34.1	37.3	29.0	..	27.2
Labor force participation rate, male	82.3	82.9	79.7	..	78.8
Unemployment, total	4.3	4.4	3.5	..	3.6
Health					
Infant Mortality Rate (per '000 live births)	68.0	58.0	47.0	44.0	42.0
Education					
Lower Secondary gross enrolment rate (%)		52.2	65.2	66.6	..
Senior Secondary gross enrolment rate (%)		28.5	39.4	45.9	..
Tertiary gross enrolment rate (%)		..	19.4	20.8	21.1

Sources: WDI, CEIC, and World Bank staff estimates. The table reflects closest data available for stated years. Poverty rates are for the 2004-05, 2009-10 and 2011-12 periods.