

## INDIA

### GENERAL INFO

India has an area of 3,287,263 km sq, the equivalent of about 1/3 the size of Canada. The population of 833 million, is growing at 2.1% p.a. and is composed of Indo-Nordics 72%, Dravidians 25%, with 3% being Mongoloids, Parsis, Jews, and Anglo-Indians. 85% of the population is Hindu, 11% are Muslim, 3% are Christian and 2% are Sikh. Hindi is the most widely used of the 17 official languages. English, while not official, is commonly used in international business and government.

Formerly a British colony, the rise of nationalism in India after World War 1 resulted in India gaining its independence in 1947.

### POLITICAL AND ECONOMIC SITUATION

India is a federal republic, consisting of 25 states and 7 union territories. The President is Ramaswamy Iyer Venkataraman. Prime Minister Rajiv Gandhi is the son of the late Prime Minister Mrs. Indira Gandhi and the grandson of the country's first Prime Minister Jawaharlal Nehru. The Congress party won the 1984 elections thus new elections should be held by the end of 1989.

The per capita income is \$270 U.S. Despite this, the size of the total population has resulted in a large middle class market of approximately 100 million which is fast increasing. India's economic strategies are set out in 5 year plans with the Eighth five year plan beginning in 1990. Emphasis is expected to be placed on providing power to meet the growing needs of industry and consumers.

Rajiv Gandhi's election led to the introduction of economic reforms in 1985, resulting in increased economic liberalization. While a number of factors have led to a slowdown in these reforms, there has not been a substantial change in long-term economic plans. At the policy level, changes to legislation are continuing to be made to liberalize the regulatory regime currently constraining industry. The tax system has been simplified and consideration is being given to allowing the private sector to invest in areas such as power generation which have been the preserve of the public sector.

Since the late 1970's, India's constant economic growth and enhanced self-sufficiency have substantially improved its economic capabilities. Real GDP growth will average close to 5% over 1985-90 (7th five-year plan). The resulting international consensus concerning India's economic position has led to India now considering proposals with higher proportion of the financing based upon commercial terms and the declining proportion of concessional financing. However, as foreign debt has reached \$54.7 bn. U.S. with debt servicing accounting for 26% of current account receipts and an annual trade deficit of \$7,000 million U.S. a year India is attempting to conserve foreign currency spent on its industrialization projects. A large percentage of foreign currency reserves are being spent on capital goods and defense related projects.

### FOREIGN RELATIONS

India has taken great pride in its role as a founding member of the Non-Aligned Movement (NAM), and has based its foreign policy on the principle of non-alignment. India has always argued that their 'special relationship' with the USSR did not preclude warm ties to the West. In addition to the NAM, India is active in the UN, GATT, Commonwealth and supported the creation of the South Asian Association for Regional Co-operation in 1985. Relations with Pakistan have been strained since partition in 1947 but the