

inflation in India is likely to depreciate the rupee to about Rs40: US\$1 by the beginning of 1997.

Trade. India's share of world exports declined from over 2% in the early 1950s to stabilize around 0.5% in the 1980s.⁸ The share of trade in GDP has fluctuated in India: until the early sixties it averaged over 12%, only to decline to a low of less than 10% in the early 1970s and to slowly rise thereafter to about 16% in 1979-80.⁹ By 1994, the share of trade in India's GDP had risen to about 23%.¹⁰ As has been the case with China, further reforms in India are most likely to increase the share of trade in India's GDP in the 30% to 35% range by the turn of the century.

Imports. Total imports into India in the first four months of the fiscal year 1995/96 (i.e., April-July 1995) amounted to C\$15.4 billion, 39% higher than in the year-earlier period, following 21.7% growth in 1994/95. Imports of machinery, chemicals and gasoline grew most rapidly.¹¹

Exports. Exports from India in April-July 1995 were C\$13.3 billion, 29% higher than in the corresponding period in 1994/95, following annual growth of 18% in 1994/95. There was exceptional growth of garments and engineering goods (a category that includes electronics and computing equipment).

Financing. Moody's upgraded India to investment grade in December 1994. Both private-sector companies and state-owned enterprises can borrow longer-term loans in international capital markets. Without bank or government guarantee, private-sector corporations have paid about 1 per cent over Libor rate, while the state enterprises have paid as little as 0.75% over Libor.

On India's 23 stock markets some 6,000 companies are listed. To

⁸T.N. Srinivasan, *et al.*, *Agriculture and Trade in China and India: Policies and Performance Since 1950*, ICEG, San Francisco: ICS Press, 1993, p. 12.

⁹*Ibid.*

¹⁰Source: DRI, *op.cit.*

¹¹ The EIU, *op. cit.*