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**EXTERNAL SECTOR PROJECTIONS
FOR TENTH FIVE YEAR PLAN**

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ABSTRACT

The paper attempts to make projections for the balance of payments situation during the Tenth Five Year Plan period. The analysis is based on a simple econometric exercise where the export function relates exports to trends in share of tradables in the gross domestic product, relative prices prevailing in India vis-à-vis the rest of the world, gross domestic product of world to that in India and nominal effective exchange rate. The import function is based on the trends in gross domestic product, tariff rates and real effective exchange rate. Exports and imports have been projected for the Tenth Plan taking different scenarios of growth in gross domestic product and custom tariff rates. Invisibles are projected to increase by 20% by end of the Tenth Plan period, as per past trend. The financing of the current account deficit is also looked into to arrive at the balance of payments situation.

The analysis suggests that the country would have no balance of payments problem if average custom duty rates are maintained at present levels of 34%. Although tariffs are required to be brought down, it is important that exports are competitive and current account deficit is manageable. If average tariffs are reduced to East Asian levels, concerted effort to increase exports would be imperative. It emerges that apart from systemic improvements, the main policy tool to raise exports in the short and medium term would be adjustment in the exchange rate from time to time to keep adverse balance of payments under control.

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External Sector Projections for Tenth Five Year Plan

1. Introduction

The past decade has witnessed considerable change in the external sector situation with initiation of the reforms in the country. Restrictions on imports have been relaxed. Customs duty rates have been reduced from 128% in 1991-92 to 33.7% in 2002-03. The total imports increased by 18.4% during 1991-92 to 1996-97 and by 4.9% during the first four years of the Ninth Plan period. The total exports increased by 13.3% and 7.1% respectively (in dollar terms) during the same period. The (net) invisibles increased by 44.5% in the first phase although by 3.7% only in the second phase. The real effective exchange rate, seen in terms of indices of annual average 36 country trade based weights, was 64.20 in 1991-92, declined marginally to 63.81 in 1996-97 and was 66.53 in 2000-01. However, the corresponding 36-country trade based nominal effective exchange rate has declined substantially from 52.51 to 35.52 during this period (1991-92 to 2000-01).

On the basis of these and some additional variables, projections have been made for exports and imports for the Tenth Five Year Plan period using a simple econometric exercise taking different scenarios of growth in GDP and tariffs. On the basis of the export and import projections and the expected flow of invisibles, the balance of payments position is arrived at, after accounting for foreign investment flows and debt position. Finally, some suggestions have been made for improvement in balance of payments.

2. Projections for Exports

In order to project the exports during the Tenth Plan period, the following function has been estimated:

$$(X/G)_n = a + b (SH)_n + c (NE)_n + d (RP)_n + e (WGDP/GDP)_n$$

Here, in the function:

X/G_n = the ratio of exports to GDP in year n (in percentage terms)

SH_n = percentage share of tradables in GDP in year n

NE_n = indices of annual average nominal effective exchange rate (NEER) in year n of the Indian rupee, taking 36 country bilateral trade based weights, with base 1985 = 100

RP_n = relative (wholesale) prices of goods in world as percentage to Prices in India in year n

$WGDP/GDP_n$ = World gross domestic product to domestic GDP in year n

D = dummy variable with 1 during 1985-86 to 1990-91 and 0 otherwise to adjust for the external sector adjustments during this phase.

n = 20 years i.e. from 1980-81 to 1999-00

a is the intercept term while b , c , d & e are the estimated co-efficients of the four independent variables, SH , NE , $WGDP/GDP$ and D respectively.

It may first be noted that the dependent variable (X/G) is not standard in such analyses, where the absolute level of exports (i.e. X) is normally used. The reason for using this non-standard formulation lies in the view that exports from India are driven largely by supply-side factors which determine the deployment of resources for export production. Thus, the structure of the growth process is considered to be the dominant aspect of the relationship. In such a situation, the share of exports would be the proper variable to use.

The share of tradables in the GDP reflects supply of goods that are available for exports. Here, tradables include agriculture, mining & quarrying and manufacturing but services are excluded from the composition, as per availability of data. It is expected that higher the share of tradable goods, higher would be the share of exports in the GDP.

NE and RP are included to gauge the competitiveness of India's exports. The higher the nominal exchange rate, the lower would be the relative value of the rupee vis-à-vis the dollar and other foreign currencies of the trading partners. Higher NE would also raise costs of export related imports

(in India such export related imports comprise almost 20% of total imports). The higher cost of production of exports reduces their competitiveness in the global market. The relative prices variable, RP, was taken separately and it directly relates the prices of goods in the international market vis-à-vis the prices of these goods in the domestic market, again reflecting their relative competitiveness. It is expected that the higher the RP, the higher would be the exports ratio.

It may be mentioned that in order to look at the relative position of India's exports, the function was also analysed taking the 36 country indices of REER (in place of NEER) which shows relative change in exchange rate along with capturing the inflation differential with trading partners. However, this had to be dropped due to the problem of multi-collinearity with the relative price, RP, variable.

The ratio $WGDP/GDP$ is the ratio of world GDP to India's GDP, reflects the relative demand for goods and services. It is expected that if there is increase in the ratio, there would be increased demand for overall goods and services, including from India, thereby raising the export ratio, as expressed here.

The dummy variable (D) for the period 1985-86 to 1990-91 had to be introduced to take into account the significant, but biased, changes in trade policy which occurred during this period. An analysis of these changes made during the Mid-Term Appraisal of the Ninth Five Year Plan suggested that during this period there was liberalisation of imports of industrial inputs but not of final goods. As a result, the level of *effective* protection actually rose sharply, which would have *reduced* the incentive to export. Therefore, the expected sign of this variable is negative.

The results of the regression taking these 5 variables are as follows:

$$X/G = - 3.40 + 0.10 SH - 0.03 NE + 0.07 RP + 0.06 WGDP/GDP - 0.88 D$$

$$(0.84) \quad (1.23) \quad (2.54) \quad (3.64) \quad (0.90) \quad (5.06)$$

$$R^2 = 0.98$$

The R^2 is very significant. Figures in brackets are the 't' statistic. These are quite significant except for the WGDP/GDP term although the signs are all as expected. The results indicate that the share of tradables in GDP resulted in higher exports to GDP ratio. The ratio of exports to GDP increased with improved competitiveness in world market reflected in terms of lower NEER and higher world prices to Indian prices. The 't' statistic for the WGDP/GDP is low although the sign correctly indicates that higher world GDP relative to India's GDP leads to a higher exports ratio. The dummy variable has a strong 't' value indicating the importance of taking the 1985-91 period separately.

Since the significance of WGDP/GDP was low, the X/G function was also attempted without the WGDP/GDP variable. The results of the regression are as follows and it may be seen that the 't' values are all quite significant.

$$X/G = - 1.86 + 0.11 SH - 0.02 NE + 0.07 RP - 0.85 D$$

$$(0.42) \quad (1.42) \quad (1.37) \quad (4.24) \quad (3.92)$$

$$R^2 = 0.97$$

The exports to GDP ratios are projected based on the above co-efficients and projections of share of tradables, NEER and relative prices of world exports to India. The projections have been made by taking into account 8% growth rate of GDP as indicated in the Approach Paper to the Tenth Five Year Plan and also a base scenario of 6.5% growth in GDP. All the projections have been made on the basis of 5% inflation during this period. The GDP was projected for Tenth Plan period taking Rs.2080256 crores or US \$ 437029 million in 2001-02 as base. The projections for share of tradables, is based on sector-wise projections

in accordance with alternative GDP growth scenarios. NEER is projected on basis of trend during the Ninth Plan period. The wholesale prices of Indian goods are projected to increase by 5% while world prices increase by 2%. No depreciation of exchange rate has been taken. Detailed table is in Annexure-1.

Using the results of the regression, which gives the exports to GDP ratio, and taking the projected GDP at 6.5% & 8% respectively, the exports have been projected for the Tenth Plan period as indicated in Table-1. It may be mentioned that since the growth in exports was very high in the year 2000-01 followed by very low exports growth in 2001-02, the exports in base year 2001-02 have been taken as US \$ 39832 million with 6.5% GDP growth, (from the model) as against estimated exports of US \$ 46240 million in 2001-02, to normalize the trend. Similarly, US \$ 40242 million (with 8% GDP growth) is taken as base year exports.

TABLE-1 – Export Projections

(US \$ million)

Base Scenario (GDP Growth 6.5%)

Year	Exports/ GDP	GDP	Exports
2002-03	9.20	464562	44771
2003-04	9.31	494758	50504
2004-05	9.42	526918	56935
2005-06	9.53	561694	64324
2006-07	9.66	598766	72781
Gr. Rate			12.8
Elasticity			2.0

Alternative Scenario (GDP Growth 8%)

Year	Exports/ GDP	GDP	Exports
2002-03	9.35	466309	45653
2003-04	9.51	500350	52113
2004-05	9.66	540878	59867
2005-06	9.82	587935	69200
2006-07	9.99	642025	80419
Gr. Rate			14.9
Elasticity			1.9

The export projections appear all right based on the premise that there would be no enhanced trade barriers for our exports and the non-tariff barriers imposed in terms of labour standards, environment, anti-dumping etc. would be taken care of at the level of the WTO.

3. Projections for Imports

The imports were projected during the Tenth Plan period (2002-07) in relation to the Gross Domestic Product (GDP), REER and the tariff rates prevalent during 1991-92 to 2000-01. It may be mentioned that only a 10-year period has been taken for import projections since there has been substantial change in tariffs only during the last 10 years. Taking a 20 years time frame (as in export projections) appeared to warp the functional results since there have been very substantial changes in tariffs and exchange rate policy since 1991-92.

The estimated function was taken in double log form. The ordinary least square function was found to be inappropriate. From theory it is simple to see that increase in GDP would result in increase in imports. Also, it is expected that increase in customs tariffs would lead to increased costs and hence decline in imports. At the same time, the decrease in index of real effective exchange rate, which shows the changes in exchange rate and also relative inflation rate of domestic vs. trading countries, would lead to increased imports by the country.

$$\ln M_n = a + b \ln GDP_n + c \ln Tar_n + d \ln REER_n$$

Here:

M_n = Imports in year n (expressed in US \$ terms)

GDP_n = Gross Domestic Product in year n

Tar_n = average tariff rate in year n

RE_n = indices of annual average real effective exchange rate (REER) in year n of the Indian rupee taking 36 country bilateral trade based weights, with base 1985 = 100

n = 10 years i.e. from 1991-92 to 2000-01

a is the intercept term while b, c & d reflect the elasticity of imports to GDP, REER & tariffs respectively.

The results of the regression indicate:

$$\ln M_n = 3.48 + 0.84 \ln GDP_n - 0.39 \ln Tar_n - 0.48 REER_n$$

(1.07) (3.66) (3.69) (0.84)

$$R^2 = 0.98$$

It may be noted from the above estimated equation that, as expected, imports tend to increase with an increase in the level of GDP and a reduction in the tariff duty rates. However, with increase in real effective exchange rate (REER), the results indicate a fall in imports ratio i.e. a reverse sign (though also insignificant). Hence, another function without this variable was attempted. The results are as follows:

$$\ln M_n = 2.52 + 0.76 \ln GDP_n - 0.40 \ln Tar_n$$

(0.85) (3.71) (3.90)

$$R^2 = 0.98$$

Here, the signs are all as expected and significant. The imports were projected based on these elasticities of GDP, tariffs & REER and projections for GDP in base and alternative scenarios of 6.5% & 8% respectively. REER has been projected to be as per past trend, with only a slight increase during this period (although REER was later dropped in final analysis due to reasons seen before). Different scenarios for tariff projections have been taken viz., (i) scenario-1 projections assuming no further reduction in customs duty i.e. taking 34% total customs duty in 2002-03 until 2006-07; (ii) scenario-2 taking projections reduced as per commitment by Finance Minister and taking customs duty as 34%, 27%, 22%, 22%, 22% respectively until 2006-07; (iii) scenario-3 taking declining tariff rates in line with the commitment to bring tariffs to levels prevailing in East Asian economies. Here, the projected tariff rates are scenario-3 (a) taking 34% in the first year 2002-03 to 27%, 22%, 18% and 15% respectively during each of the years. Alternatively, scenario-3 (b) when the tariffs are seen to decline as 34%, 28%, 24%, 20% and 18% by 2006-07. Detailed statement is in Annexure-2. The import projections are as follows:

Table-2 – Import Projections

(US \$ million)

Base Scenario (GDP Growth 6.5%)

Year	Imports under Scenario-1	Imports under Scenario-2	Imports under Scenario-3(a)	Imports under Scenario-3(b)
2002-03	65293	65293	65293	65293
2003-04	70930	77448	77448	76339
2004-05	77054	91254	91254	88159
2005-06	83764	99200	107418	103022
2006-07	91058	107839	125529	116772
Gr. Rate	9.4	13.2	16.7	15.0
Elasticity	1.5	2.0	2.6	2.3

Alternative Scenario (GDP Growth 8%)

Year	Imports under Scenario-1	Imports under Scenario-2	Imports under Scenario-3(a)	Imports under Scenario-3(b)
2002-03	65472	65472	65472	65472
2003-04	71512	78084	78084	76965
2004-05	78533	93005	93005	89850
2005-06	86591	102548	111043	106499
2006-07	95795	113448	132058	122846
Gr. Rate	10.6	14.4	17.9	16.2
Elasticity	1.3	1.8	2.2	2.0

From above, it may be seen that the compound growth rates of imports during the Tenth Plan would vary from 9.44% with 6.5% growth in GDP and tariffs throughout as at present (34%), to 17.89% in case GDP growth is 8% and tariffs decline progressively to 15% by 2006-07. It may be suggested from these results that under different growth prospects, changes in tariffs have a marked impact on imports. If tariffs are reduced progressively to bring them in line with other Asian economies, imports will be substantially higher. The import projections seem to be in line with increased industrial investment and more importantly, with greater liberalization of import restrictions, as per the requirements of the World Trade Organisation (WTO).

4. Projections for Current Account Balance

On the basis of the projected exports and imports under different scenarios, the trade balance is accordingly derived. The net invisibles are

projected to grow broadly at the rate of 20% from the base position of US \$ 11072 million in 2001-02, comprising US \$ 40028 million receipts and US \$ 28957 million payments. It is expected that the projected net invisibles would increase from US \$ 13347 million to US \$ 27400 million by 2006-07. Details are in Annexures-3 & 4 respectively.

It may be mentioned that during the decade 1991-92 to 2000-01, there was an increase in net invisibles by 24.7%, although the first four years of the Ninth Plan period witnessed an increase of only 3.7%. The growth in receipts of invisibles was by 15.4% and payments by 12.4% during the decade, but the lower growth in receipts (12.6%) vis-à-vis payments (19.2%) during 1996-97 to 2000-01 led to the overall lower growth in net invisibles during the latter period.

On the basis of the projected trade balance and the invisibles, the status of current account balance is arrived at in different scenarios, as seen in Table-3.

Table-3 – Projections for Current Account Balance

(US \$ million)

Base Scenario (GDP Growth 6.5%)

Year	Current Account Balance			
	Sc. 1	Sc. 2	Sc. 3A	Sc. 3B
2002-03	-7175 (-1.5)	-7175 (-1.5)	-7175 (-1.5)	-7175 (-1.5)
2003-04	-4386 (-0.9)	-10904 (-2.2)	-10904 (-2.2)	-9795 (-2.0)
2004-05	-898 (-0.2)	-15098 (-2.9)	-15098 (-2.9)	-12002 (-2.3)
2005-06	3536 (0.6)	-11900 (-2.1)	-20118 (-3.6)	-15722 (-2.8)
2006-07	9123 (1.5)	-7657 (-1.3)	-25347 (-4.2)	-16591 (-2.8)

Alternative Scenario (GDP Growth 8%)

Year	Current Account Balance			
	Sc. 1	Sc. 2	Sc. 3A	Sc. 3B
2002-03	-6471 (-1.4)	-6471 (-1.4)	-6471 (-1.4)	-6471 (-1.4)
2003-04	-3359 (-0.7)	-9931 (-2.0)	-9931 (-2.0)	-8813 (-1.8)
2004-05	556 (0.1)	-13916 (-2.6)	-13916 (-2.6)	-10762 (-2.0)
2005-06	5585 (0.9)	-10372 (-1.8)	-18867 (-3.2)	-14322 (-2.4)
2006-07	12024 (1.9)	-5629 (-0.9)	-24239 (-3.8)	-15027 (-2.3)

Note: Figures in brackets indicate current account/GDP

It may be seen from above that there would be no problem with management of the current account balance (CAB) in scenario-1 i.e. if the tariff rates are held as at present. However, the current account deficit would increase with lowering of the tariff rates to bring it in line with East Asian levels. If the rates are brought down to 15% by 2006-07, the deficit would be US \$ 25347 million with 6.5% GDP growth. The CAB as a ratio to GDP would be (-) 4.2% by 2006-07, with an average of (-) 3.0% for the entire Tenth Plan period. The CAB would be US \$ (-) 24239 million under the scenario of 8% GDP growth and CAB/GDP would be (-) 3.8% for the terminal year and (-) 2.7% for the entire Plan period.

The capital account projections show financing of the current account balance, are in Table-4 which give the details of Foreign Savings. These projections for the external assistance and foreign investment during the Tenth Plan estimates are based on the report of the Sub-Group on Inflow of Foreign Savings under Working Group on Assessment of Central Resources for the Tenth Five Year Plan.

Table - 4: Inflow of Foreign Savings

(US \$ million)

Base Scenario (GDP Growth 6.5%)

	2002-03	2003-04	2004-05	2005-06	2006-07
External Assistance (net)	609	500	410	329	72
Commercial Borrowings (net)	1275	-3440	2600	-3740	4150
Non- Resident Deposits (net)	1750	2000	2000	2250	2250
Rupee Debt Service	-600	-600	-600	-600	-600
Foreign Investment Flows (net)	5400	6800	8200	9600	11000
DFI (net)	2900	3300	3700	4100	4500
Portfolio	2500	3500	4500	5500	6500
Other Capital Flows (net)	750	750	750	750	750
Capital Account Total (net)	9184	6010	13360	8589	17622
Non-Debt	5400	6800	8200	9600	11000
Debt	3784	-790	5160	-1011	6622

Alternative Scenario (GDP Growth 8%)

	2002-03	2003-04	2004-05	2005-06	2006-07
External Assistance (net)	1109	1000	1410	1329	1572
Commercial Borrowings (net)	1650	-2440	3200	-3740	4400
Non- Resident Deposits (net)	2250	2500	2500	2750	2750
Rupee Debt Service	-600	-600	-600	-600	-600
Foreign Investment Flows (net)	6500	8150	9800	11450	13100
DFI (net)	3000	3650	4300	4950	5600
Portfolio	3500	4500	5500	6500	7500
Other Capital Flows (net)	1000	1000	1000	1000	1000
Capital Account Total (net)	11909	9610	17310	12189	22222
Non-Debt	6500	8150	9800	11450	13100
Debt	5409	1460	7510	739	9122

Table - 5: Current Account, Capital Account and Change in Reserves Under Various Scenarios

(US \$ million)

Base Scenario (GDP Growth 6.5%)

Year	Current Account Balance				Capital Account(Net)	Change in Reserves			
	I	II	III-A	III-B		I	II	III-A	III-B
2002-03	-7175	-7175	-7175	-7175	9184	-7175	-7175	-7175	-7175
2003-04	-4386	-10904	-10904	-9795	6010	-4386	-10904	-10904	-9795
2004-05	-898	-15098	-15098	-12002	13360	-898	-15098	-15098	-12002
2005-06	3536	-11900	-20118	-15722	8589	3536	-11900	-20118	-15722
2006-07	9123	-7657	-25347	-16591	17622	9123	-7657	-25347	-16591

Alternative Scenario (GDP Growth 8%)

Year	Current Account Balance				Capital Account(Net)	Change in Reserves			
	I	II	III-A	III-B		I	II	III-A	III-B
2002-03	-6471	-6471	-6471	-6471	11909	-6471	-6471	-6471	-6471
2003-04	-3359	-9931	-9931	-8813	9610	-3359	-9931	-9931	-8813
2004-05	556	-13916	-13916	-10762	17310	556	-13916	-13916	-10762
2005-06	5585	-10372	-18867	-14322	12189	5585	-10372	-18867	-14322
2006-07	12024	-5629	-24239	-15027	22222	12024	-5629	-24239	-15027

On the basis of the current account and capital account, the balance of payments seen in terms of change in reserves, has been projected for each of the years under various scenarios. The detailed projections may be seen in Table-5.

5. Conclusions & Policy Prescription

It may be seen that the country would have no balance of payments problem if average customs duty rates are maintained at present levels of 34%. However, if average tariffs are brought down to East Asian levels, concerted effort would be required to increase exports. This would include appropriate domestic policies and substantial improvements in infrastructure. Share of tradables in GDP have a high influence on exports ratio. Also, the relative prices of India vis-à-vis world prices, though important, may not be a feasible tool to raise exports in the near future. It is the nominal exchange rate that would need to be suitably adjusted from time to time to keep balance of payments under control.

In order to assess the impact of depreciation in the exchange rate, the NEER was projected to decline by 5% in each of the years from 2002-03 to 2006-07. The comparative position of the current account balance, with and without, a depreciating NEER may be seen in the following table.

Table-6 Current Account Balance During the Tenth Plan Period

		CAB as % of GDP with 6.5 % GR		CAB as % of GDP with 8.0 % GR	
		2006-07	Plan Avg.	2006-07	Plan Avg.
I. NEER Depreciating by 5%	Scenario 1	1.9	0.2	2.1	0.4
	Scenario 2	-0.9	-1.8	-0.7	-1.6
	Scenario 3a	-3.9	-2.8	-3.6	-2.6
	Scenario 3b	-2.4	-2.1	-2.2	-1.9
II. Without NEER Depreciating by 5%	Scenario 1	1.5	0.0	1.9	0.3
	Scenario 2	-1.3	-2.0	-0.9	-1.7
	Scenario 3a	-4.2	-3.0	-3.8	-2.7
	Scenario 3b	-2.8	-2.3	-2.3	-2.0

It may be observed that the CAB to GDP ratio would be relatively less adverse if the NEER is allowed to depreciate in each of the scenarios. Hence, it may be suggested that if tariffs are to be brought down to be at East Asian levels, it may be essential to allow depreciation of exchange rate so as to maintain a sustainable current account deficit.

Taking the two scenarios of 6.5 % and 8.0% growth in GDP, a 5% depreciation would allow a somewhat comfortable balance of payments position if duty rates are gradually reduced from 34% to 28%, 24%, 20% and 18% by 2006-07. The current account deficit would be 2.4% by 2006-07 (with plan average of 2.1%) in case GDP growth is 6.5% and a slightly better position of 2.2% (with plan average of 1.9%) with 8% growth in GDP. However, if duty rates are brought down more steeply and to reach 15% level by 2006-07, the deficit would be considerably higher to an average of 2.8% and 2.6% respectively during the Plan period (details in Annexure 5 & 6). A multi-pronged effort to contain the balance of payments position would be imperative.

Further, it is financing of the current account deficit that is important for sustained development. Greater emphasis on flow of foreign investment as against external debt is essential to supplement domestic investment. The flow of foreign exchange reserves also needs to be absorbed into productive investment.

Annexure - 1 B

Trend and Projections of Exports to GDP and
Determining Variables with 8.0 % GDP Growth

Year	Exports to GDP (%)	NEER 36 cty bilateral Trade Wts	Share of Tradables in GDP(%)	Relative Prices India to World (%)	Dummy
1980-81	5.13	103.46	56.88	39.60	0.00
1981-82	5.13	103.54	56.45	41.30	0.00
1982-83	5.41	104.75	55.24	44.00	0.00
1983-84	5.13	105.27	55.89	46.30	0.00
1984-85	5.37	101.47	54.51	49.40	0.00
1985-86	4.64	98.50	52.94	52.60	1.00
1986-87	4.78	85.85	51.73	52.40	1.00
1987-88	5.19	81.16	50.97	54.20	1.00
1988-89	5.46	75.57	51.94	59.60	1.00
1989-90	6.44	72.16	51.34	67.50	1.00
1990-91	6.49	67.20	51.15	77.60	1.00
1991-92	7.59	52.51	50.18	77.40	0.00
1992-93	8.59	43.46	49.70	80.10	0.00
1993-94	8.52	44.69	49.60	86.00	0.00
1994-95	9.22	43.37	49.82	95.10	0.00
1995-96	10.07	39.73	48.65	100.00	0.00
1996-97	9.74	38.97	49.13	101.70	0.00
1997-98	9.54	40.01	46.93	102.10	0.00
1998-99	8.93	36.34	46.21	100.30	0.00
1999-00	9.29	35.46	44.61	101.30	0.00
2000-01	9.02	35.52	42.49	102.10	0.00
2001-02	9.21	35.76	42.33	105.16	0.00
2002-03	9.35	35.80	41.68	108.32	0.00
2003-04	9.51	35.60	41.02	111.57	0.00
2004-05	9.66	35.70	40.31	114.91	0.00
2005-06	9.82	35.70	39.62	118.36	0.00
2006-07	9.99	35.70	38.98	121.91	0.00

Annexure - 1 A

Trend and Projections of Exports to GDP and
Determining Variables with 6.5 % GDP Growth

Year	Exports to GDP (%)	NEER 36 cty bilateral Trade Wts	Share of Tradables in GDP(%)	Relative Prices India to World (%)	Dummy
1980-81	5.13	103.46	56.88	39.60	0.00
1981-82	5.13	103.54	56.45	41.30	0.00
1982-83	5.41	104.75	55.24	44.00	0.00
1983-84	5.13	105.27	55.89	46.30	0.00
1984-85	5.37	101.47	54.51	49.40	0.00
1985-86	4.64	98.50	52.94	52.60	1.00
1986-87	4.78	85.85	51.73	52.40	1.00
1987-88	5.19	81.16	50.97	54.20	1.00
1988-89	5.46	75.57	51.94	59.60	1.00
1989-90	6.44	72.16	51.34	67.50	1.00
1990-91	6.49	67.20	51.15	77.60	1.00
1991-92	7.59	52.51	50.18	77.40	0.00
1992-93	8.59	43.46	49.70	80.10	0.00
1993-94	9.11	44.69	49.60	86.00	0.00
1994-95	9.22	43.37	49.82	95.10	0.00
1995-96	10.07	39.73	48.65	100.00	0.00
1996-97	9.74	38.97	49.13	101.70	0.00
1997-98	9.54	40.01	46.93	102.10	0.00
1998-99	8.93	36.34	46.21	100.30	0.00
1999-00	9.29	35.46	44.61	101.30	0.00
2000-01	8.97	35.52	42.49	102.10	0.00
2001-02	9.11	35.76	42.33	105.16	0.00
2002-03	9.20	35.80	41.72	108.32	0.00
2003-04	9.31	35.60	41.14	111.57	0.00
2004-05	9.42	35.70	40.56	114.91	0.00
2005-06	9.53	35.70	40.01	118.36	0.00
2006-07	9.66	35.70	39.53	121.91	0.00

**Import Trend, Projections and Determining Variables with 6.5 % GDP Growth
and Tariff Rates Under Various Scenarios**

Scenario - 1

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65293	486413	34
2003-04	64.60	70930	542350	34
2004-05	64.80	77054	604721	34
2005-06	65.00	83764	674868	34
2006-07	65.20	91058	753153	34
		9.44		

Scenario - 2

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65293	486413	34
2003-04	64.60	77448	542350	27
2004-05	64.80	91254	604721	22
2005-06	65.00	99200	674868	22
2005-07	65.20	107839	753153	22
		13.21		

Scenario - 3(a)

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65293	486413	34
2003-04	64.60	77448	542350	27
2004-05	64.80	91254	604721	22
2005-06	65.00	107418	674868	18
2005-07	65.20	125529	753153	15
		16.70		

Scenario - 3(b)

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65293	486413	34
2003-04	64.60	76339	542350	28
2004-05	64.80	88159	604721	24
2005-06	65.00	103022	674868	20
2006-07	65.20	116772	753153	18
		15.02		

**Import Trend, Projections and Determining Variables with 8.0 % GDP Growth
and Tariff Rates Under Various Scenarios**

Scenario - 1

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65472	488161	34
2003-04	64.60	71512	548205	34
2004-05	64.80	78533	620020	34
2005-06	65.00	86591	704962	34
2005-07	65.20	95795 10.56	805067	34

Scenario - 2

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65472	488161	34
2003-04	64.60	78084	548205	27
2004-05	64.80	93005	620020	22
2005-06	65.00	102548	704962	22
2005-07	65.20	113448 14.36	805067	22

Scenario - 3(a)

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65472	488161	34
2003-04	64.60	78084	548205	27
2004-05	64.80	93005	620020	22
2005-06	65.00	111043	704962	18
2005-07	65.20	132058 17.89	805067	15

Scenario - 3(b)

Year	REER 36 cty bilateral Trade Wts	Imports US \$ million	GDP US \$ million	Tariff Rates (%)
1991-92	64.20	21064	240699	128
1992-93	57.10	24316	219655	107
1993-94	61.60	26739	249106	82
1994-95	66.00	35904	292066	64
1995-96	63.60	43670	320858	41
1996-97	63.80	48948	350295	39
1997-98	67.00	51187	374019	34
1998-99	63.40	47544	384120	40
1999-00	63.30	55383	412263	39
2000-01	66.50	59264	432984	40
2001-02	64.20	57997	437029	37
2002-03	64.50	65472	488161	34
2003-04	64.60	76965	548205	28
2004-05	64.80	89850	620020	24
2005-06	65.00	106499	704962	20
2005-07	65.20	122846 16.20	805067	18

Current Account Balance During the Tenth Plan Period

(GDP 6.5% , Tariff 33.7%)

	U.S. \$ million						Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04 P R O J E C T I O N S	2004-05	2005-06	2006-07			
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	44771	50504	56935	64324	72781	289315	12.8	2.0
Imports(BoP)	57997	65293	70930	77054	83764	91058	388101	9.4	1.5
Trade Balance	-18164	-20522	-20426	-20120	-19440	-18277	-98785		
Trade Balance/GDP	-4.2	-4.4	-4.1	-3.8	-3.5	-3.1	-3.7		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Bala	-7093	-7175	-4386	-898	3536	9123	200		
Current Account/GDF	-1.6	-1.5	-0.9	-0.2	0.6	1.5	0.0		

(GDP 6.5% , Tariff 33.7%, 27%, 22%, 22%, 22%)

	U.S. \$ million						Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04 P R O J E C T I O N S	2004-05	2005-06	2006-07			
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	44771	50504	56935	64324	72781	289315	12.8	2.0
Imports(BoP)	57997	65293	77448	91254	99200	107839	441035	13.2	2.0
Trade Balance	-18164	-20522	-26944	-34319	-34876	-35058	-151719		
Trade Balance/GDP	-4.2	-4.4	-5.4	-6.5	-6.2	-5.9	-5.7		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Bala	-7093	-7175	-10904	-15098	-11900	-7657	-52734		
Current Account/GDF	-1.6	-1.5	-2.2	-2.9	-2.1	-1.3	-2.0		

(GDP 6.5% , Tariff 33.7%, 27 %, 22%, 18%, 15%)

	U.S. \$ million						Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04 P R O J E C T I O N S	2004-05	2005-06	2006-07			
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	44771	50504	56935	64324	72781	289315	12.8	2.0
Imports(BoP)	57997	65293	77448	91254	107418	125529	466942	16.7	2.6
Trade Balance	-18164	-20522	-26944	-34319	-43094	-52748	-177627		
Trade Balance/GDP	-4.2	-4.4	-5.4	-6.5	-7.7	-8.8	-6.7		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Bala	-7093	-7175	-10904	-15098	-20118	-25347	-78642		
Current Account/GDF	-1.6	-1.5	-2.2	-2.9	-3.6	-4.2	-3.0		

(GDP 6.5% , Tariff 33.7%, 28 %, 24%, 20%, 18%)

	U.S. \$ million						Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04 P R O J E C T I O N S	2004-05	2005-06	2006-07			
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	44771	50504	56935	64324	72781	289315	12.8	2.0
Imports(BoP)	57997	65293	76339	88159	103022	116772	449585	15.0	2.3
Trade Balance	-18164	-20522	-25835	-31224	-38698	-43991	-160270		
Trade Balance/GDP	-4.2	-4.4	-5.2	-5.9	-6.9	-7.3	-6.1		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Bala	-7093	-7175	-9795	-12002	-15722	-16591	-61285		
Current Account/GDF	-1.6	-1.5	-2.0	-2.3	-2.8	-2.8	-2.3		

Current Account Balance During the Tenth Plan Period

(GDP 8% , Tariff 33.7%)

	U.S. \$ million							Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07	P R O J E C T I O N S			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0		
Exports(BoP)	40242	45653	52113	59867	69200	80419	307253	14.9	1.9	
Imports(BoP)	57997	65472	71512	78533	86591	95795	397903	10.6	1.3	
Trade Balance	-17755	-19818	-19399	-18666	-17391	-15376	-90650			
Trade Balance/GDP	-4.1	-4.3	-3.9	-3.5	-3.0	-2.4	-3.3			
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8		
Payments	28957	32605	36714	41340	46548	52413	209620	12.6		
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9		
Current Account Bala	-6684	-6471	-3359	556	5585	12024	8335			
Current Account/GDF	-1.5	-1.4	-0.7	0.1	0.9	1.9	0.3			

(GDP 8% ; Tariff 33.7%, 27%, 22%, 22%, 22%)

	U.S. \$ million							Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07	P R O J E C T I O N S			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0		
Exports(BoP)	40242	45653	52113	59867	69200	80419	310445	14.9	1.9	
Imports(BoP)	57997	65472	78084	93005	102548	113448	453915	14.4	1.8	
Trade Balance	-17755	-19818	-25971	-33138	-33348	-33029	-145304			
Trade Balance/GDP	-4.1	-4.3	-5.2	-6.1	-5.7	-5.1	-5.3			
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8		
Payments	28957	32605	36714	41340	46548	52413	209620	12.6		
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9		
Current Account Bala	-6684	-6471	-9931	-13916	-10372	-5629	-46319			
Current Account/GDF	-1.5	-1.4	-2.0	-2.6	-1.8	-0.9	-1.7			

(GDP 8% ; Tariff 33.7%, 27%, 22%, 18% , 15%)

	U.S. \$ million							Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07	P R O J E C T I O N S			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0		
Exports(BoP)	40242	45653	52113	59867	69200	80419	310445	14.9	1.9	
Imports(BoP)	57997	65472	78084	93005	111043	132058	481020	17.9	2.2	
Trade Balance	-17755	-19818	-25971	-33138	-41843	-51639	-172409			
Trade Balance/GDP	-4.1	-4.3	-5.2	-6.1	-7.1	-8.0	-6.3			
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8		
Payments	28957	32605	36714	41340	46548	52413	209620	12.6		
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9		
Current Account Bala	-6684	-6471	-9931	-13916	-18867	-24239	-73424			
Current Account/GDF	-1.5	-1.4	-2.0	-2.6	-3.2	-3.8	-2.7			

(GDP 8% , Tariff 33.7%, 28 % , 24%, 20%, 18%)

	U.S. \$ million							Total	Growth Rate(%)	Elasticity
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07	P R O J E C T I O N S			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0		
Exports(BoP)	40242	45653	52113	59867	69200	80419	310445	14.9	1.9	
Imports(BoP)	57997	65472	76965	89850	106499	122846	462990	16.2	2.0	
Trade Balance	-17755	-19818	-24853	-29983	-37298	-42427	-154380			
Trade Balance/GDP	-4.1	-4.3	-5.0	-5.5	-6.3	-6.6	-5.6			
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8		
Payments	28957	32605	36714	41340	46548	52413	209620	12.6		
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9		
Current Account Bala	-6684	-6471	-8813	-10762	-14322	-15027	-55395			
Current Account/GDF	-1.5	-1.4	-1.8	-2.0	-2.4	-2.3	-2.0			

Current Account Balance During the Tenth Plan Period Taking 5% Depreciation in NEER

(GDP 6.5% , Tariff 33.7%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07			
		P R O J E C T I O N S							
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	45078	51128	57988	65857	74871	294923	13.5	2.1
Imports(BoP)	57997	65293	70930	77054	83764	91058	388101	9.4	1.5
Trade Balance	-18164	-20215	-19803	-19066	-17907	-16187	-93178		
Trade Balance/GDP	-4.2	-4.4	-4.0	-3.6	-3.2	-2.7	-3.5		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-7093	-6868	-3763	155	5069	11213	5807		
Current Account/GDP	-1.6	-1.5	-0.8	0.0	0.9	1.9	0.2		

(GDP 6.5% , Tariff 33.7%, 27%, 22%, 22%, 22%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07			
		P R O J E C T I O N S							
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	45078	51128	57988	65857	74871	294923	13.5	2.1
Imports(BoP)	57997	65293	77448	91254	99200	107839	441035	13.2	2.0
Trade Balance	-18164	-20215	-26321	-33266	-33343	-32968	-146112		
Trade Balance/GDP	-4.2	-4.4	-5.3	-6.3	-5.9	-5.5	-5.5		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-7093	-6868	-10281	-14044	-10367	-5567	-47127		
Current Account/GDP	-1.6	-1.5	-2.1	-2.7	-1.8	-0.9	-1.8		

(GDP 6.5% , Tariff 33.7%, 27 % , 22%, 18%, 15%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07			
		P R O J E C T I O N S							
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	45078	51128	57988	65857	74871	294923	13.5	2.1
Imports(BoP)	57997	65293	77448	91254	107418	125529	466942	16.7	2.6
Trade Balance	-18164	-20215	-26321	-33266	-41561	-50658	-172020		
Trade Balance/GDP	-4.2	-4.4	-5.3	-6.3	-7.4	-8.5	-6.5		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-7093	-6868	-10281	-14044	-18585	-23257	-73035		
Current Account/GDP	-1.6	-1.5	-2.1	-2.7	-3.3	-3.9	-2.8		

(GDP 6.5% , Tariff 33.7%, 28 % , 24%, 20%, 18%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	2003-04	2004-05	2005-06	2006-07			
		P R O J E C T I O N S							
GDP	437029	464562	494758	526918	561694	598766	2646698	6.5	
Exports(BoP)	39832	45078	51128	57988	65857	74871	294923	13.5	2.1
Imports(BoP)	57997	65293	76339	88159	103022	116772	449585	15.0	2.3
Trade Balance	-18164	-20215	-25211	-30170	-37164	-41901	-154662		
Trade Balance/GDP	-4.2	-4.4	-5.1	-5.7	-6.6	-7.0	-5.8		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-7093	-6868	-9172	-10949	-14189	-14501	-55678		
Current Account/GDP	-1.6	-1.5	-1.9	-2.1	-2.5	-2.4	-2.1		

Current Account Balance During the Tenth Plan Period Taking 5% Depreciation in NEER

(GDP 8% , Tariff 33.7%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	P R O J E C T I O N S			2006-07			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0	
Exports(BoP)	40242	45821	52457	60456	70074	81637	310445	15.2	1.9
Imports(BoP)	57997	65472	71512	78533	86591	95795	397903	10.6	1.3
Trade Balance	-17755	-19650	-19056	-18077	-16517	-14158	-87458		
Trade Balance/GDP	-4.1	-4.2	-3.8	-3.3	-2.8	-2.2	-3.2		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-6684	-6303	-3016	1145	6458	13243	11527		
Current Account/GDP	-1.5	-1.4	-0.6	0.2	1.1	2.1	0.4		

(GDP 8% ; Tariff 33.7%, 27%, 22%, 22%, 22%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	P R O J E C T I O N S			2006-07			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0	
Exports(BoP)	40242	45821	52457	60456	70074	81637	310445	15.2	1.9
Imports(BoP)	57997	65472	78084	93005	102548	113448	452557	14.4	1.8
Trade Balance	-17755	-19650	-25627	-32549	-32474	-31811	-142111		
Trade Balance/GDP	-4.1	-4.2	-5.1	-6.0	-5.5	-5.0	-5.2		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-6684	-6303	-9587	-13327	-9499	-4411	-43127		
Current Account/GDP	-1.5	-1.4	-1.9	-2.5	-1.6	-0.7	-1.6		

(GDP 8% ; Tariff 33.7%, 27%, 22%, 18% , 15%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	P R O J E C T I O N S			2006-07			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0	
Exports(BoP)	40242	45821	52457	60456	70074	81637	310445	15.2	1.9
Imports(BoP)	57997	65472	78084	93005	111043	132058	479662	17.9	2.2
Trade Balance	-17755	-19650	-25627	-32549	-40969	-50421	-169217		
Trade Balance/GDP	-4.1	-4.2	-5.1	-6.0	-7.0	-7.9	-6.2		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-6684	-6303	-9587	-13327	-17994	-23021	-70232		
Current Account/GDP	-1.5	-1.4	-1.9	-2.5	-3.1	-3.6	-2.6		

(GDP 8% , Tariff 33.7%, 28% , 24%, 20%, 18%)

	U.S. \$ million						Total	Growth Rate(%)	Elasti- city
	2001-02 Est.	2002-03	P R O J E C T I O N S			2006-07			
GDP	437029	466309	500350	540878	587935	642025	2737497	8.0	
Exports(BoP)	40242	45821	52457	60456	70074	81637	310445	15.2	1.9
Imports(BoP)	57997	65472	76965	89850	106499	122846	461632	16.2	2.0
Trade Balance	-17755	-19650	-24509	-29394	-36425	-41209	-151187		
Trade Balance/GDP	-4.1	-4.2	-4.9	-5.4	-6.2	-6.4	-5.5		
Invisibles-Receipts	40028	45953	52754	60561	69524	79814	308605	14.8	
Payments	28957	32605	36714	41340	46548	52413	209620	12.6	
Invisibles(Net)	11072	13347	16040	19222	22976	27400	98985	19.9	
Current Account Balance	-6684	-6303	-8469	-10173	-13449	-13809	-52202		
Current Account/GDP	-1.5	-1.4	-1.7	-1.9	-2.3	-2.2	-1.9		