


“Washington Consensus”

India on the Move
by El Mehdi, Rutherg, Billie Jo R., and
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Rao's actions



- Toward market-oriented economy
- Remove licensing restrictions
- Lower tariffs and restrict subsidies
- Higher the percentage of foreign ownership
- Open up financial sector
- Broaden tax base

What is “Washington Consensus”

- IMF's requirements to provide loans
- Fiscal discipline
- Increased public expenditure
- Interest rate liberalization
- Tax reform
- Competitive exchange rate
- Removal barriers
- Secure property rights
- Privatization
- Deregulation

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Reasons to Accept

- The Soviet Union collapse
- Severe balance-of-payments crisis
- Need money immediately
- Prime Minister Narasimha Rao



Successful Parts of “Washington Consensus”

- Low inflation and interest rates
- Middle class raising
- Growth of IT industry
- Rise of Indian entrepreneurs



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Demography

- India is big as 3.3 million square kilometers
- Bordered by Pakistan, China, Nepal, Bhutan, Myanmar, and Bangladesh.
- India has fourth largest coal reserve in the world.
- Mostly India imports its oil.
- There are seven major ports along India's 7000 kilometers of coastline.



India's population highly dependent on agriculture. (72% of population)

The poverty line was 1\$ in 2002 and 1.03\$ in 2011.

Officially, 37% of India's people live below the poverty line. (1.21 bn)

- These people mostly live in the Pradesh, Bihar, and Madhya.

India had 18 official languages.

- 30% of population speak Hindu, 2% percent speak English and 68% speak other languages.