Growth was strong in fiscal year 2003/04 (April–March) after recent lackluster performance and declining investment.

India's economic ties with the rest of the world have strengthened, with services exports—largely information technology—also leading the way.

Current account surpluses and strong capital inflows have boosted foreign reserves, reducing external vulnerability.

While the fiscal situation likely improved in 2003/04, it still poses serious challenges and risks, with deficits diverting savings from more productive uses.