

## Indian Economy

### Outline of Indian Economy

#### Nature

- **Mixed Economy** Existence of both public and private sectors. This term was coined by JM Keynes.
- **Agrarian Economy** Even after six-decades of independence 58% of the work force of India is still agriculturist and its contribution to GNP is 17.4 % in 2014-15.

#### Features

- (i) Slow growth of national and per capita income.
- (ii) Capital deficiency and low rate of capital formation, hence low rate investment, low production, etc; poor quality of human capital.
- (iii) Over-dependence on agriculture along with low productivity in agriculture; heavy population pressure.
- (iv) Unequal distribution of income and wealth.
- (v) Mass poverty, chronic inflation and chronic unemployment.

#### Classification

- According to the World Development Report (2014), sub-titled Gender Equity and Development, India with its per capita income of US \$ 1570 is placed in lower middle income countries in 2010.
- Even on PPP (Purchasing Power Parity) basis India with US \$ 5350 is placed in middle income countries in 2010.
- India has a share of 17.4% in world population but accounts for only 2.3 % of world GNI on exchange rate basis.

#### Socio Economic Indicators

- Per capita daily intake calorie is 2496 (in 1999).
- Poverty level more than 37% (Tendulkar Committee).
- With HDI value of 0.624, India ranked 134/187, and hence has a medium Human Development (HDR 2016).
- Inequality in India, in terms of Gini co-efficient of 0.36 is huge.
- Illiteracy more than one-fourth of population.

## Issues in Development

- (i) Low per capita income and low rate of economic growth.
- (ii) High proportion of people below the poverty line.
- (iii) Low level of productive efficiency due to inadequate nutrition and malnutrition.
- (iv) Imbalance between population size, resources and capital.
- (v) Problem of unemployment.
- (vi) Instability of output of agriculture and related sectors.
- (vii) Imbalance between heavy industry and wage goods.
- (viii) Imbalance in distribution and growing inequalities.

## Planning In India

### Historical Milestones

1. **Planned Economy of India** (1934) M. Visvesvaraya
2. **National Planning Committee** (1938) Jawaharlal Nehru
3. **Bombay Plan** (1944)
4. **Gandhian Plan** (1944) S.N. Agarwal
5. **People's Plan** (1945) M.N. Roy
6. **Sarvodaya Plan** (1950) J.P. Narayan
7. **Planning Commission** (1950) was set up under the chairmanship of Pt. Jawaharlal Nehru (Gulzarilal Nanda was the first Deputy Chairman)

- Economic Planning is mentioned in the concurrent List of VII Schedule of the Indian Constitution and embodies the objectives of Directive Principles of State Policy.