

**Introduction to Indian Economy**

- A country's economic growth is usually measured by National Income, indicated By Gross Domestic Product (GDP).
- The GDP is the total monetary value of the goods and services produced by that Country over a specific period of time, usually one year.
- The level economic development is indicated not just by GDP, but by an increase in citizens' quality of life or Well-being.
- The quality of life is being Assessed by several indices such as Human Development Index (HDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI).

**Indian Economy:**

- Indian economy is the seventh largest economy of the world.
- Being one of the top listed countries.
- In terms of Industrialization and economic growth, India holds a robust position with an Average growth rate of 7% (approximately).
- Even though the rate of growth has been sustainable and comparatively stable, there are still signs of backwardness features of a Developed Economy.
  - High National Income
  - High Per Capita Income
  - High Standard of Living
  - Full Employment of Resources
  - Dominance of Industrial Sector
  - High Level of Technology
  - High Industrialisation
  - High Consumption Level
  - High Level of Urbanisation
  - Smooth Economic Growth
  - Social Equity, Gender Equality
  - Low Levels of Poverty
  - Political Stability and Good

- Strengths of Indian Economy.

**India has a mixed economy:**

- Indian economy is a typical example of mixed economy.
- This means both Private and public sectors co-exist and Function smoothly.
- On one side, some of the fundamental and heavy industrial Units are being operated under the public Sector, while, due to the liberalization of the economy, the private sector has gained Importance.
- This makes it a perfect model for public – private partnership.

**Agriculture plays:**

- The key role Agriculture being the maximum pursued Occupation in India, it plays an important Role in its economy as well.
- Around 60% of the people in India depend upon agriculture for their livelihood.
- In fact, about 17% of our GDP today is contributed by the agricultural sector.
- Green revolution, ever green revolution and inventions in bio technology have Made agriculture self-sufficient and also surplus production.
- The export of agricultural products such as fruits, Vegetables, spices, vegetable oils, tobacco, Animal skin, etc.
- Also add to forex earning through international trading.

**An emerging market:**

- India has emerged as vibrant economy Sustaining stable GDP growth rate even in the midst of global downtrend.
- This Has attracted significant foreign capital through FDI and FII.
- India has a high potential for prospective growth.
- This also makes it an emerging market for the world.

**Emerging Economy:**

- Emerging as a top economic giant among the world economy, India bags the fifth position in terms of nominal Gross Domestic Product (GDP) and third in terms of Purchasing Power Parity (PPP).

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- As a result of rapid economic growth Indian economy has a place among the G20 countries.

**Fast Growing Economy:**

- India's economy is well known for high and sustained growth.
- It has emerged as the world's fastest growing economy in the year 2016-17 with the growth rate of 7.1% in GDP next to People's Republic of China.
- Fast growing Service Sector the service sector, contributes a lion's share Of the GDP in India.
- There has been a high-Rise growth in the technical sectors like Information Technology, BPO etc.
- These Sectors have contributed to the growth of the economy.
- These emerging service Sectors have helped the country go global and helped in spreading its branches around the world.

**Large Domestic consumption:**

- With the faster growth rate in the economy the standard of living has improved a lot.
- This in turn has resulted in rapid increase in domestic consumption in the country.
- The standard of living has considerably improved and life style has changed.

**Rapid growth of urban areas:**

- Urbanization is a key ingredient of the growth of any economy.
- There has been a rapid growth of urban areas in India after Independence.
- Improved connectivity in transport and communication, education and health has speeded up the pace of urbanization.

**Stable macro economy:**

- The Indian economy has been projected and considered as one of the most stable economies of the world.
- The current Year's Economic survey represents the Indian economy to be a "heaven of Macroeconomic stability, resilience and Optimism.

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- According to the Economic Survey for the year 2014-15, 8%-plus GDP growth rate has been predicted, with Actual growth turning out to be a little less (7.6%).
- This is a clear indication of a Stable macroeconomic growth.

**Demographic dividend:**

- The human capital of India is young.
- This means that India is a pride owner of the Maximum percentage of youth.
- The young Population is not only motivated but skilled and trained enough to maximize the growth.
- Thus, human capital plays a key role in maximizing the growth Prospects in the country.
- Also, this has invited foreign investments to the country and outsourcing opportunities too.
- Weakness of Indian Economy.

**Large Population:**

- India stands second in terms of size of Population next to China and our country is likely to overtake China in near future.
- Population growth rate of India is very high and this is always a hurdle to growth Rate.
- The population growth rate in India is as high as 1.7 per 1000.
- The annual Addition of population equals the total population of Australia.

**Inequality and poverty:**

- There exists a huge economic disparity in the Indian economy.
- The proportion of income and assets owned by top 10% of Indians goes on increasing.
- This has led to an increase in the poverty level in the society and still a higher percentage of individuals are living Below Poverty Line (BPL).
- As a result of unequal distribution of the rich becomes richer and poor becomes poorer.

- Increasing Prices of Essential Goods even though there has been a constant Growth in the GDP and growth Opportunities in the Indian economy, there have been steady increase in the Prices of essential goods.
- The continuous Rise in prices erodes the purchasing power and adversely affects the poor people, whose income is not protected.

#### **Weak Infrastructure:**

- Even though there has been a gradual improvement in the infrastructural development in the past few decades, there is still a scarcity of the basic infrastructure Like power, transport, storage etc.

#### **Inadequate Employment:**

- Generation with growing youth population, there is a huge need of the employment Opportunities.
- The growth in production is not accompanied by creation of job.
- The Indian economy is characterized by 'jobless growth'.

#### **Outdated technology:**

- The level of technology in agriculture and small-scale industries is still outdated and obsolete.
- Demographic trends in India Scientific study of the characteristics of Population is known as Demography.
- The Various aspects of demographic trends in India are:
  - Size of population
  - Rate of growth
  - Birth and death rates
  - Density of population
  - Sex-ratio
  - Life-expectancy at birth
  - Literacy ratio
- Size of Population Over a period of 100 years, India has Quadrupled its population size.
- In terms of, size of population, India ranks 2<sup>nd</sup> In the world after China.
- India has only about 2.4% of the world's geographical area

- Area and contributes less than 1.2% of the World's income, but accommodates about 17.5% of the world's population.
- In other Words, every 6<sup>th</sup> person in the world is an Indian.
- In fact, the combined population of Just two states namely, Uttar Pradesh and Maharashtra is more than the population of United States of America, the third most.
- Populous country of the world.
- Some of the states in India have larger population Than many countries in the world.
- The negative growth during 1911-21 was due to rapid and frequent Occurrence of epidemics like cholera, Plague and influenza and also famines.
- The year 1921 is known as the 'Year of Great Divide' for India's population as Population starts increasing.
- During 1951, population growth Rate has come down from 1.33% to 1.25%.
- Hence it is known as 'Year of Small divide'.
- In 1961, population of India Started increasing at the rate of 1.96% i.e, 2%.
- Hence 1961 is known as 'Year of Population Explosion'.
- In the year 2001, The Population of India crossed one billion (100 crore) mark.
- The 2011 census reveals growth of Youth population which is described as 'demographic transition'.

#### Birth rate and death rate:

- **Crude Birth rate:** It refers to the number of births per thousand of population.
- **Crude Death rate:** It refers to the number of deaths per thousand of population.
- Crude birth and death rates of India During various years Birth rate was 39.9 in 1951; it fell to 21.8 in 2011.
- Although the birth rate has declined, the Decline is not so remarkable.
- The death rate has declined from 27.4 in 1951 to 7.1 in 2011.

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- However, from the data it is clear that the fall in birth rates is less than that of death rates.
- Kerala has the lowest birth rate (14.7) and Uttar Pradesh has the highest birth rate (29.5).
- West Bengal has the lowest death Rate (6.3) and Orissa (9.2) has the highest.
- Among States, Bihar has the highest decadal (2001-11) growth rate of population, while Kerala has the lowest growth rate.
- The four States Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh called BIMARU states have very high population.

**Density of population:**

- It refers to the average number of persons residing per square kilometre.
- It represents the man- land ratio.
- As the total land area Remains the same, an increase in population causes density of population to rise.

$$\text{Density of population} = \frac{\text{Total population}}{\text{Land area}}$$

**Land area of the region:**

- Density of population Just before Independence, the density of Population was less than 100.
- But after Independence, it has increased rapidly from 117 in 1951 to 325 in 2001.
- According to 2011 census, the present Density of Population is 382.
- Thus, the pressure of Population on land has been rising.
- Kerala, West Bengal, Bihar and Uttar Pradesh have Density higher than the India's average Density.
- Bihar is the most densely populated State in the country with 1,102 persons Living per sq.km followed by West Bengal with 880.
- Arunachal Pradesh has low Density of population of only 17 persons.

**Sex ratio:**

- It refers to the number of females per 1,000 males.
- It is an important indicator to measure the extent of prevailing equity between males and females at a given Point of time.

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- In India, the sex ratio is more favourable to Males than to females.
- In Kerala, the adult Sex ratio is 1084 as in 2011.
- The recent Census (2011) shows that there has been a Marginal increase in sex ratio.
- Haryana has the lowest sex ratio of 877 (2011) among States to women as compared to other States with 1084 females per 1000 males.
- Sex Ratio of Tamil Nadu – 996/1000 males.

**Life expectancy at birth:**

- It refers to the mean expectation of life at Birth.
- Life expectancy has improved over the years.
- Life expectancy is low when Death rate is high and / or instances of early Death are high.
- On the other hand, life Expectancy is high when death rate is low and / or instances of early death are low During 1901 – 11, life expectancy was Just 23 years.
- It increased to 63.5 years in 2011.
- A considerable fall in death rate Is responsible for improvement in the Life expectancy at birth.
- However, the life Expectancy in India is very low compared to that of developed countries.

**Literacy ratio:**

- It refers to the number of literates as a Percentage of the total population.
- In 1951, only one-fourth of the males and One-twelfth of the females were literates.
- Thus, on an average, only one-sixth of the People of the country were literates.
- In 2011, 82% of males and 65.5% of females were literates giving an overall literacy Rate of 74.04% (2011).
- When compared to other developed countries and even Sri Lanka this rate is very low.



- Kerala has the highest literacy ratio (94%), Mizoram (91.3%), followed by Goa (88.7%), Himachal Pradesh (82.8%), Maharashtra (82.3%), Sikkim (81.4%), and Tamil Nadu (80.1%).
- Bihar has the lowest literacy ratio (61.8%) in 2011.
- Indian Economic Sector.

### Natural Resources:

- Any stock or reserve that can be drawn from nature is a Natural Resource.
- The Major natural resources are – land, forest, Water, mineral and energy.
- India is rich in natural resources, but majority of the Indians are poor.
- Nature has provided with diverse climate, several rivers for Irrigation and power generation, rich Minerals, rich forest and diverse soil.

### Types of Natural resources:

- **Renewable Resources:** Resources that can be regenerated in a given span of time. E.g., forests, Wildlife, wind, biomass, tidal, Hydro energies etc.
- **Non-Renewable Resources:** Resources that cannot be regenerated. E.g., Fossil Fuels-Coal, petroleum, minerals, etc.

### Land Resources:

- In terms of area India ranks seventh in the world with a total area of 32.8 lakh of the world.
- In absolute terms India is really a big country.
- However, land- man Ratio is not favourable because of the huge Population size.
- According to Agricultural Census, the area operated by large holdings (10 Hectares and above) has declined and area operated under marginal holdings (less Than one hectare) has increased.
- This indicates that land is being fragmented and become in economic.

### Forest Resources:

- India's forest cover in 2007 is 69.09 million Hectare which constitutes 21.02 per cent of the Total geographical area.
- Of this, 8.35 million Hectare is very dense forest, 31.90 million hectare is moderately dense forest and the rest 28.84 million hectare is open forest.

**Important Mineral Resources:****Iron-Ore:**

- India possesses high quality iron-ore in Abundance.
- The total reserves of iron-ore in the country are about 14.630 million Tonnes of haematite and 10,619 million Tonnes of magnetite.
- Hematite iron is mainly found in Chhattisgarh, Jharkhand, Odisha, Goa and Karnataka.
- The major Deposit of magnetite iron is available at Western coast of Karnataka.
- Some deposits of iron ore are also found in Kerala, Tamil Nadu and Andhra Pradesh.

**Coal and Lignite:**

- Coal is the largest available mineral Resource.
- India ranks third in the world After China and USA in coal production.
- The main centres of coal in India are the West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.
- Bulk of the coal production comes from Bengal-Jharkhand coalfields.

**Bauxite:**

- Bauxite is a main source of metal like aluminium.
- Major reserves are concentrated in the East Coast bauxite Deposits of Odisha and Andhra Pradesh.

**Mica:**

- Mica is a heat resisting mineral which is also a bad conductor of electricity.
- It is used in electrical equipment's as an Insulator.
- India stands first in sheet mica Production and contributes 60% of mica trade in the world.
- The important mica bearing pegmatite is found in Andhra Pradesh, Jharkhand, Bihar and Rajasthan.

**Crude Oil:**

- Oil is being explored in India at many places of Assam and Gujarat.

- Digboi, Badarpur, Naharkatia, Kasimpur, Palliaria, Rudrapur, Shivsagar, mourn (All in Assam) and Hay of Khambhat, Ankaleshwar and Kalol (All in Gujarat) are the important places of oil Exploration in India.

**Gold:**

- India possesses only a limited gold reserve.
- There are only three main gold mine Regions - Kolar Goldfield, Kolar district and Hutti Goldfield in Raichur district (both in Karnataka) and Ramgiri Goldfield in Anantpur district (Andhra Pradesh).

**Diamond:**

- As per UNECE (United Nations Economic Commission for Europe) the total reserves of diamond is estimated at around 4582, thousand carats which are mostly available in Panna (Madhya Pradesh), Rammallakota of Kurnur district of Andhra Pradesh and also in the Basin of Krishna River.
- The new Kimberlile fields have been discovered in Raipur and Pastar districts of Chattisgarh, Nuapada and Bargarh districts of Odisha, Narayanpet – Maddur Krishna areas of Andhra Pradesh and Raichur-Gulbarga Districts of Karnataka.

**Infrastructure:**

- Infrastructural development means the Development of many support facilities.
- Economic infrastructure and social Infrastructure.
- Economic infrastructure Includes – transport, communication, Energy, irrigation, monetary and financial Institutions.
- Social infrastructure includes Education, training and research, health.

**Economic Infrastructure:**

- Economic infrastructure is the support System which helps in facilitating Production and distribution.
- For instance, Railways, trucks, posts and telegraph offices, ports, canals, power plants, banks, Insurance companies etc.
- Are all economic Infrastructure of an economy.
- They help in the production of goods and services.

**Transport:**

- For the sustained economic growth of a Country, a well-connected and efficient transport system is needed.
- India has A good network of rail, road, coastal Shipping, and air transport.
- The total Length of roads in India being over 30 Lakh km, India has one of the largest Road networks in the world.
- In terms of Railroads, India has a broad network of Railroad lines, the largest in Asia and the fourth largest in the world.
- The total rail Route length is about 63,000 km and of This 13,000 km is electrified.
- The major Indian ports including Calcutta, Mumbai, Chennai, Vishakhapatnam and Goa Handle about 90% of sea- borne trade and are visited by cargo carriers and passenger Liners from all parts of the world.
- A Comprehensive network of air routes connects the major cities and towns of the country.
- The domestic air services are being looked after by Indian Airlines and Private airlines.
- The international airport Service is looked after by Air India.

**Energy:**

- Electrical energy is one of the necessary Components of our life.
- Nowadays, without electricity, we cannot survive in this World of technology.
- The energy sources are classified under two heads based on the availability of the raw materials used, while generating energy.
  - Non-renewable energy sources
  - Renewable energy sources
- **Non-renewable energy sources:**
  - As the name suggests, the sources of energy which cannot be renewed or re-used are called non-renewable Energy sources.
  - Basically, these are the energy sources which will get exhausted over a period of time.
  - Some of the examples of this kind of Resources are coal, oil, gas etc.

● **Renewable energy sources:**

- These are the kind of energy source which can be renewed or reused again and again.
- These kinds of materials do not exhaust or literally speaking these are available in abundant or Infinite quantity.
- **Example for this Kind include**
  - Solar energy
  - Wind energy
  - Tidal energy
  - Geothermal energy
  - Biomass energy
- Sometimes renewable sources are also called non-conventional sources of energy since, these kinds of materials or these Ways of energy production were not used earlier or conventionally.

**Social Infrastructure:**

- Social infrastructure refers to those Structures which are improving the quality of manpower and contribute indirectly towards the growth of an economy.
- These structures are outside the system of production and distribution.
- The Development of these social structures Help in increasing the efficiency and Productivity of manpower.
- **For example,** Schools, colleges, hospitals and other Civic amenities.
- It is a fact that one of the reasons for the low productivity of Indian workers is the lack of development of social infrastructure.
- The status and developments in the social infrastructure In India are discussed below.

**Education:**

- Education in India Imparting education on an organized Basis dates back to the days of ‘Gurukul’ In India.
- Since then, the Indian education System has flourished and developed with the growing needs of the economy.

- The Ministry of Human Resource Development (MHRD) in India formulates education Policy in India and also undertakes Education programs.
- Education system in India Education in India until 1976 was the Responsibility of the State governments.
- It was then brought under concurrent List (both Centre and State).
- The Centre is represented by the Ministry of Human Resource Development decides the India's Education budget.

#### **The education system in India Consists of primarily six levels:**

- Nursery Class
- Primary Class
- Secondary Level
- Higher Secondary Level
- Graduation
- Post-Graduation

#### **Education Institutions in India:**

- Education in India follows the 10+2 Pattern.
- For higher education, there are various State run as well as private Institutions and universities providing A variety of courses and subjects.
- The Accreditation of the universities is decided Under the University Grants Commission Act.
- The Education Department consists of various schools, colleges and universities imparting education on fair means for all Sections of the society.
- The budget share of the education sector is around 3% of GDP, of this largest proportion goes for school Education.
- However, per pupil expenditure is the lowest for school students.

#### **Health:**

- Health in India Health in India is a state government Responsibility.
- The Central Council of Health and Welfare formulates the various Health care projects and health department Reform policies.

- The administration of Health industry in India as well as the technical needs of the health sector are the Responsibility of the Ministry of Health and Welfare.
- Health care in India has many Forms.
- These are the ayurvedic medicine Practice, unani or galenic herbal care, Homeopathy, allopathy, yoga, and many more.
- Each different healthcare form has its own treatment system and practice Patterns.
- The medical practicing in India needs a proper licensing from the Ministry of Health.
- All medical systems are now under one ministry viz AYUSH.

#### **Health Care Services in India:**

- The health care services in India are mainly the responsibility of the Ministry of Health.
- State wise, health status is better in Kerala as compared to other States.
- Compared to Other developed countries, India's health Status is not satisfactory.
- India's health Status is poor compared to Sri Lanka.