

CENTRAL THEMES IN INDIAN ECONOMY

Course Code-3B03 ECO

Syllabus

Module I

India in the Global Scenario

Basic features of Indian Economy- Structural Changes in Indian Economy- A critical evaluation of Five Year Planning in India- NITI Ayog: Structure, Objectives and functions- Economic Reforms: Liberalisation, Privatisation, Globalisation and its impacts- India as an Emerging Economic Power. Demonetization and its impact on Indian economy.

Module II

Role of Agriculture, Industry and Service Sector

Role of agriculture: contribution to GDP, employment and international trade- Problems of Indian Agriculture- Causes of low productivity- New Agricultural Strategy: Green Revolution, Evergreen Revolution - WTO and Indian Agriculture. Role of industries in the Economic development of India- Problems of Public sector enterprises – Problems of Small Scale and Cottage Industries- New Industrial Policy 1991: its impact on Industrial Development in India. Role of Service Sector in the Indian Economy- Recent trends in India's Foreign Trade.

Module- III

Emerging Development Issues

Poverty- Meaning, concepts and types - Extent of poverty in India- Poverty Eradication Programmes. Unemployment- Meaning, concepts, types and causes of unemployment- Work Participation Rate- Magnitude of Unemployment in India. Inequality; Meaning and types- Regional inequality; Causes and remedies.

Module IV

Kerala Economy

Unique Features of Kerala Economy- Demographic indicators- Agricultural Stagnation- Industrial Backwardness- Current issues in education, health and energy sectors- Decentralized Planning- Migration and Foreign Remittance- Problem of Aging- Women Empowerment.

Module I

India in the Global Scenario

Basic features of Indian Economy

India is a low income developing economy. Nearly one fourth of its population lives in conditions of misery and it also a chronic malady in India. At the same time, there exist unutilized natural resources. Therefore, it is important to understand the basic characteristics of India as a developing economy.

The basic characteristics of Indian economy are

1. Low per capita income
2. Occupational Pattern, primary producing
3. Heavy population pressure
4. Prevalence of chronic unemployment and under employment
5. Steady Improvement in the Rate of Capital Formation
6. Inequality in Wealth/ Asset Distribution
7. Poor Quality of Human Capital
8. Low levels of Technology
9. Low Level of Living of an Average Indian
10. Demographic Characteristics
11. Socio economic indicators of consumption Planned economy.

Low per capita income

India is known in the world as a country with low per capita income. According to the IMF Report, in 2017, India's PCI was \$ 1983 and was ranked 140 out of 188 countries. Further, according to the World Bank's Report, in 2017, India's PCI was \$ 1940 and was ranked 138 out of 184 countries. Therefore, we can conclude that the per capita income of an Indian resident is lower than most countries in the world.

Occupational Pattern, primary producing:-

One of the basic characteristics of an underdeveloped economy is that it is primary producing. Majority of the population are engaged in agriculture (around 58 percent, 2011) which contributes a very large share in the national income (17.5%).

Heavy population pressure

The main problem in India is high level of birth rate couples with a falling level of death rates. The rate of growth of population which was about 1.31% per annum during 1941-50 has risen to 1.93 % during 1991-2001. The chief cause of this rapid spurt to population growth is the steep fall in death rate during these periods.

Prevalence of chronic unemployment and under employment

In India, labour is an abundant factor and consequently it is very difficult to provide gainful employment to the entire working population. In India, unemployment is structural and is the result of a deficiency of capital. Moreover, the marginal product of labour is zero or negative. Thus, there exists, disguised or concealed unemployment in agriculture.

Steady Improvement in the Rate of Capital Formation

During the 50's and the 60's of the 20th century, basic characteristics of Indian economy were the existence of capital deficiency. This reflected in two ways, firstly, the amount of capital available per head was low and secondly the rate of capital formation was also low.

Misdistribution of Wealth/Assets

Unequal asset distribution is the primary cause of inequality in income distribution in rural areas. This inequality also highlights the fact that the resource base of 50 percent of households in India is weak. RBI survey of assets of rural and urban households for the period of 1991 to 1992 bring out the existence of sharp inequalities in asset distribution. In rural areas, 27% of households owning less than Rs 20,000 worth of asset accounted for 24% of total assets.

Poor Quality of Human Capital

A glaring feature of underdeveloped economy is the poor quality of human capital. Most of the underdeveloped countries suffer from mass illiteracy. Mass illiteracy is the root of problem and illiteracy at the same time is retarding the process of economic growth of the country.

Prevalence of Low-level of Technology

In a developed country like India One side, a company uses one of the most modern technologies while another company from the same industry uses the most primitive one. Unfortunately, according to modern scientific standards, the majority of products are made with the help of inferior technologies. If you take a simple look at the productivity of a developed and underdeveloped nation, then the developed nation has better productivity since it uses superior technologies. The low productivity per hectare in Indian agriculture and the low level of productivity per worker in agriculture and industry are largely a consequence of technological backwardness.

Low Level of Living of an Average Indian

In India, most citizens have a low-calorie intake and also consume low levels of protein thereby failing to secure a diet. In contrast, citizens of developed countries consume a rich diet which includes fish, fresh fruits meat, sugar, and butter. Currently, Indians consume nearly half the amount of protein that a citizen of a developed country does which leads to lesser immunity against diseases and lower efficiency at work.

Demographic Characteristics of an under developed country

Among the demographic characteristics associated with underdevelopment are high densities of population. Demographically speaking, India has a high density of population with high infant mortality rates and comparatively lower life expectancy as compared to the developed countries. This makes it an underdeveloped economy. Further, in India, the population density was 412 per square kilometer (in 2010). In comparison, the population density of the USA was 34 per square kilometer. Also, India has a huge problem of harnessing the working age population in emerging areas of the economy.

Socio economic indicators of consumption are characteristics of underdeveloped economy in India:-

Underdevelopment also finds expression through several socio economic indicators, such as Percapita intake of calories, fats and proteins, population per TV set and physicians. Compared to other countries, India is far behind the developed countries so far as these indicators of standard of living are concerned.

To sum up, Indian economy has made commendable progress on many fronts, but it has miles to go to remove poverty, malnutrition and providing shelter and drinking water to entire population.