

GE-4

STUDY NOTE

SEM-IV

INDIAN ECONOMY

By

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COMMERCE

INDIAN ECONOMY

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UNIT-I

Development

The concept of development generally denotes some sort of an advancement in the positive direction. In the social context, it is referred to as progressive transformation of certain aspect of a given society.

- 1) Economic development
- 2) Political development
- 3) Social development
- 4) Human development

MEASURES OF DEVELOPMENT

Common indicators of development measures -

- 1) Gross Domestic Product (GDP)
- 2) Gross National Product (GNP)
- 3) GNP per capita
- 4) Birth and death rates
- 5) Human Development Index (HDI)
- 6) Infant mortality rate
- 7) Literacy rate
- 8) Life expectancy

(2)

UNDERDEVELOPMENT

It refers to the low level of development characterized by low real per capita income, wide-spread poverty, lower level of literacy, low life expectancy and under utilisation of resources

INDICATORS

- 1) High birth rate
- 2) High infant mortality
- 3) undernourishment
- 4) a large Agriculture and small industry sector
- 5) Low per capita GDP
- 6) High level of illiteracy
- 7) low life expectancy

HUMAN DEVELOPMENT (HD)

It is defined as the process of enlarging people's freedoms and opportunities and improving their well-being.

Stages of HD

- 1) Infant Development
- 2) Toddler Development

3

- 37 Preschooler Development
- 47 Middle childhood development
- 57 Adolescent development
- 6) Adult development.

Measurement formula

HUMAN DEVELOPMENT INDEX (HDI)

The HDI is a summary measure of average achievement in key dimensions of human development.

The HDI is the geometric mean of normalized indices for each of the three dimensions

- i) a long and healthy life
- ii) being knowledgeable
- iii) decent standard of living

FORMULA

HDI is calculated as the geometric mean of the

- 1) life expectancy
- 2) education
- 3) GNI per capita

the education dimension is the Arithmetic mean of the two education indices -

- 1) mean year of schooling
- 2) expected year of schooling

(4)

INDIA'S RANKS

India ranked at 131 position out of 187 countries in the index. value of 0.645

RANKS

- (1) A value of HDI above 0.800 is classified as very high.
- (2) between 0.700 and 0.799 high
- (3) 0.550 to 0.699 as medium
- (4) below 0.550 as low

UNIT - III (a)

Evolution of the Indian Economy Since Independence

India's development journey over the last 72 years has been marked by significant milestones and reforms -

INCOME EXPANSION

Since 1947, India has achieved tremendous progress in raising growth, income levels and standard of living. The GDP increased from Rs 2,939 billion during 1950-51 to Rs 56,330 billion during 2011-2012

(5)

In 2018-19 Rs 140,776 billions.

Average Indian citizen earned an income Rs 7,513 during 1950-51

increase Rs 41,255 " 2011-2012

Rs 92,565 " 2018-19

AGRICULTURE & ALLIED SECTORS

In 1950-51

Rs 1,502 billion

2011-12

Rs 22,263

INDUSTRY DIVERSIFIES

The industrial policy of 1991 major economic reform and was introduced to reinvigorate the industrial sector. In terms of real gross value added around Rs 401 billion during 1950-51 to Rs 36,689 billion in 2011-12. Many sectors gained pace in the manufacturing scenario.

In services, new sector such as Information Technology and tele-communication have transformed. India's IT sector's skills are renowned the world over.

BUILDING INDIA

Length of Road 1950-51
0.31 million

2018-19
348 million

(6)

Total ~~energy~~ energy generated by the hydro, thermal and nuclear sector 5.1 billion during 1950-51 to 1303.5 billion in 2017-18

DEVELOPMENT PROGRESS

	1950-51	1990	2011
Literacy	18.37.	52.	73.

UNIT-II

Basic features of the Indian Economy

1. Low per capita income
2. Excessive dependence of agriculture and primary producing
3. High rate of population growth

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UNIT-III (6)

ECONOMIC REFORMS Since 1991

Economic reforms launched since June 1991 may be categorized under two broad areas:

- 1) major macro-economic management reforms
- 2) structural and sector-specific economic reforms

(7) MACRO-ECONOMIC REFORMS

1. Attempt at Reducing the Fiscal deficit
2. Tax Reforms
3. Resource Generation Through Divestment

STRUCTURAL REFORMS

1. Reorientation Planning

2.

UNIT - III (C)

Monetary and Fiscal Policy

The objectives of this policy to maintain price stability and ensure adequate flow of credit to the productive sector of the economy. It is traditionally announced twice a year, through which RBI seek to ensure price stability

INSTRUMENT OF MONETARY POLICY

- 1) Bank Rate of interest
- 2) Cash Reserve Ratio
- 3) Statutory Liquidity Ratio
- 4) Open market operation
- 5) Margin Requirements
- 6) Deficit financing

(8)

7. Issue of ~~note~~ new currency
8. credit control.

FISCAL POLICY

It refers to the government choice regarding the overall level of government purchases or taxes

INSTRUMENTS

1. Reduction of government Expenditure
2. Increase in Taxation
3. Imposition of New Tax
4. Wage Control
5. Rationing
6. Public debt
7. Increase in Savings
8. Maintaining Surplus budget

Other Measures

1. Increase in imports of Raw materials
2. Decrease in Exports
3. Increase in productivity
4. Provisions of Subsidies
5. Use of Latest technologies
6. Rational industrial policy.