

Introduction to Indian Economy

Under Developed Economy

Meaning- It is a stage indicating the existence of possibilities or potentials of development .

Developing Economy

Meaning- It implies the experience of rapid expansion of the agriculture, industrial and service sectors.

Features of Indian Economy-As an under developed

Common features

- Poverty is widely prevalent
- The standard of living of the people is low
- Population is more
- Natural resources are not fully utilized

Characteristics of Indian Economy as an under developed economy

1. Income-Per capita income is very low-It is determined based on exchange rate. In 2009, per capita income of US was \$ 1180, in Switzerland it was \$5630 and in UK it was \$41520.

The result is people find very difficult to get their basic necessary things and it affects human quality

2. Inequality in income and wealth

The concentration of wealth and income of the nation are in the hands of few people. It implies that 10% of the house holds hold nearly one third of the share in national income. Remaining 90% of the people hold only 10% of the share. It leads to disparity among people.

Characteristics-Contd

3. Predominance of agriculture

India is predominantly an agriculture country. It provide employment opportunity for nearly 58 %. It plays vital role in national economy

It earns foreign exchange though export

But its productivity is low while compared with other advanced nations

Characteristics – Contd

Name of the country

- England
- USA
- Canada
- Australia
- France

Percentage of people depend on agriculture

1 per cent
4 per cent
4 per cent
6 per cent
5 per cent

Characteristics -Contd

4. Under utilized natural resources

Natural resources are abundant in India

But they are not fully utilized due to lack of capital and technical know how. Eg. India has 90 millions of unused lands. Not even 10 % of the waste land is not used so far. But in developed nations, waste land management system is properly monitored.

Characteristics-Contd

5. Large Unemployment: In India labour is abundant. But employment opportunities are limited. Unemployment is a state indicating potential people with all required skill are available. But scope is less. Many people depend on agriculture sector. But productivity of this sector is low. It leads to disguised, voluntary and involuntary unemployment(Eg. Ice seller, fruit seller)

Characteristics-Contd

6. Backward technology: Even today, in India, outdated technology is used in agriculture and industrial sector. Absence of skilled labour forced to adopt and use such kind of outdated technology. Low productivity in agriculture and industrial sectors are the outcome of such technology (Eg. Harvesting machines used in Israel and India)

Characteristics-Contd

7. Lack of socio – economic set up

Institutional support is low (Number of banks and post offices – Less in number while compared with population of the respective place. Caste system prevents growth of the nation and population.

Joint family system, traditions and belief system also affect the growth of the nation