Brief Note on “Indian and Global Economic Development”

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Characteristics of Indian economy as Less Developed Countries (LDCs)
and as emerging economy

Introduction:

India is located in the southern Peninsula of Asia and covers a geographical area of 32,87,469 sq.km. India has land frontier of 15,200 km and coastline or sea shore of 7516.6 km (including Andaman and Nicobar Island). India represents diversity with respect of climatic conditions and rainfall. The uneven distribution of rainfall is a characteristic of India.

Characteristics of Indian economy as LDCs:-

1) Dualistic Economy: - This is a common feature of LDCs. Dualism refers to the existence of two sets of economic activities at two levels i.e. traditional and modern. For example: In agriculture sector some plantations and farms are managed professionally with modern methods of production. At the same time maximum farmers follows the traditional method. In the Industrial sector, along with modern industries, there exist a number of cottage and village industries. In finance, indigenous bankers co-exist with modern banks.

2) Predominance of Agriculture: - The Indian economy is mainly an agricultural economy. In other words agriculture in the Indian economy has the most dominant place. The share of agriculture in
India’s GDP was 16% in 2015. In India 49% were employed in 2015 in the agricultural sector.

3) **Wide Spread of Poverty**: - Income level or level of consumption expenditure per capita is used to find out the number and percentage of people below the poverty line (BPL). According to the Expert Group headed by Rangrajan 29.5% people lived BPL. According to Rangarajan Committee (2012), “Those per day expenditure is Rs.32 in rural and Rs.47 in urban are called BPL.” Earlier it was Rs.27 for rural and Rs.33 for urban. (Tendulkar Committee).

4) **Low level of living**: - The most standard indicator of low level of living is low per capita income. India’s rank was 125th among 187 nations in respect of GDP per capita PPP in 2014 (5855 $ GDP per capita PPP in 2014.) Another indicator is quality of life which is highly unsatisfactory.

   For example:- Life expectancy was 66 years in 2015. In 2019 it is 68 years. Infant mortality ratio was 40 per 1,000 live births in 2013. Maternal mortality ratio was 130 per 100000 live births in 2014-2016. This picture shows that India’s quality of life is very low as compare to other developed nations.

5) **Pressure of Population**: - Rapid growth of populations has been working as a great pressure on an Indian economy. Though the percentage of dependence or agriculture sector has declined but in absolute numbers it has increased like in 1951 25.3 cr. people depends on agriculture sector & in 2011 it was 70cr.

6) **Wide Spread of Chronic Unemployment**: - Chronic unemployment is of two types one is underemployment and second is disguised unemployment. In India people are unemployed because there are shortage of capital and entrepreneurial skill. The infrastructural facilities are inadequate.

7) **Disparities Inequalities and Imbalances**: - India displays wide disparities, inequalities and imbalances.

   As on Nov.2016, India is second most unequal country in the world. The richest 1% of Indian’s owned 58.4% of wealth. The richest 10% of the Indian’s owned 80.7% of the wealth. This trend is going in
the upward direction every year which means the rich are getting richer & the poor are getting poorer.

8) Poor Quality of Human Capital: - Indian economy is characterized by a very poor quality of human capital. India’s ranking (135th) in HDI shows a very poor quality of human capital. In 2019 India’s rank was 129.

Conclusion: - With the help of above points we realize that Indian economy has some common features of less developed countries (LDCs). However, the Economy of India is the seventh largest in the world by nominal GDP & 3rd largest by Purchasing Power Parity (PPP). India’s economy became the world’s fastest growing major economy from 2014. The features of Indian economy as emerging can be discussed as follows:

**Feature of Indian Economy an Emerging:-**

Emerging means upcoming emerging economies refer to those economies which are experiencing high economic growth which are phenomenal.

Emerging economies are those regions of the world that are experiencing rapid informationalization under conditions of limited or partial industrialization. Characteristics of Indian Economy as emerging are as under; _

1) **High Growth Rate** :- India shows a high growth rate of 6% during 1990-2000 and 8% during 2000-07. In 2009-10 India achieve 7% growth rate; it was 7.3% in 2014-15.

2) **Increase in Per Capita Income**: - India’s GDP per capita PPP was 1205$ in 1991. It increased 2115$ in 2001. In 2014 it was 5855$. At present 2015 India’s GDP per capita PPP is 6562$.

3) **Less Dependence on Agriculture**: - The share of agriculture to GDP was 55% in the year 1950-51. This percentage declined up to 16% in 2018.

4) **Share Of Industries** : Industry accounts for 26% of GDP and employs 22% of the total workforce according to the world Bank
India’s industrial manufacturing GDP output in 2012 was 10\textsuperscript{th} largest in the world an current US dollar basis($239.5 Billion).

5) **Steadily Improving Rate of Capital Formation:**- Capital formation takes place out of the savings of the society. The central statistical organization has reported that gross domestic saving reached in high level of 34.8% and gross capital formation was high at 35.9%. This is a positive development of Indian economy.

6) **Infrastructure:** - India suffered from highly inadequate infrastructural facilities like transport, communication, power supply, water supply, etc. However during the last 2 decades India has been making considerable progress in respect of infrastructure development.

**Conclusion:**- 

According to a World Bank report 2015, India has figured in top five emerging economies for highest investment commitments in private sector, infrastructure sector, energy, transport and water. By considering the growth rate, nominal GDP, foreign exchange reserves, investment in infrastructure and so on, we may conclude that Indian economy is one of the fastest growing emerging economies.