

Mona
 Assistant Professor
 Department of Economics
 Maharaja College
 Veer Kunwar Singh University, Ara
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 Email id : monapryal2223@gmail.com

Features of Indian Economy

Week 25

Silent Features of Indian Economy

Indian economy is termed as the developing economy of the world. Some features like low per capita income, higher population below poverty line, poor infrastructure, agriculture based economy and lower rate of capital formation, tagged it as the developing economy for the world.

1. Low Per Capita Income :- India's per capita income is very less as compare to developed countries. As per the estimates of the Central Statistics Office (CSO), the per capita of the country at current prices for the year 2015-16 is estimated to attain the level of Rs. 93231. The per capita net national income at constant prices (2011-12) for the year 2015-2016 is estimated to attain the level of Rs 77,431.

Current GDP per capita - \$ 2,338 (nominal 2020)
 \$ 902.7 (PPP, 2020)

2. Agriculture Based Economy :-

In Agriculture and allied sector provide around 15.4% of Indian GDP while 53% of total Indian population is based on the agricultural sector.

3. Over population :- In every decade population get increased by about 20%. During the 2001-11 population increased by 17.6%. Currently India is adding the total population of Australia every year. India is the perpetrator of around

17.5% population of the whole world.

4. Income Disparities :-

A report released by Credit Suisse revealed that the richest 1% Indians owned 53% of the country's wealth, while the poorest 10% own just 1.3%. To put it differently, in a nation that claims the political economy of the planning philosophy 90% of India owns more than a quarter of the country's wealth.

5. Lack of Capital formation :-

Rate of capital formation is low because of lower level of income. India's domestic capital formation was 13.3% in 1993-94 increased upto the level of 34.8% in 2007-08 but declined upto 13.4% in 2012-13.

6. Backwardness of Infrastructural Development

As per a recent study, 25% Indian families don't have access of electricity and 94 million people don't have access of safe drinking water and 840 million of people in India don't have sanitation services. India needs 100 million dollar for infrastructural development upto 2025.

7. Market Imperfection :-

Indian economy doesn't have good mobility

From one place to other which
the optimum utilization of resources.
These market imperfections create the fluctuations
in the price of commodities every year.

8) Vicious Circle of Poverty :

Prof. Ranjer Nuzker says that "a country is
poor because it is poor". It means that countries
are trapped in the vicious circle of poverty.

9) Use of Outdated Technology :

It is very clear that Indian production techniques
is more labour oriented in nature. So, it
increases the cost of production of the products
made in these countries.

10) Traditional Set up of Society :

Indian societies are trapped in the menace
like casteism, communalism, male dominated
society, superstitions, lack of entrepreneurship,
etc. These all factors hindered the growth
of the country as a whole.