

Module 1

Lecture #01

Learning Outcomes:

- Understand the overview and significance of the Indian economy
- Learn about the historical context and structural composition of the Indian economy
- Recognize the importance of economic studies in understanding India's development

Introduction to the Indian Economy

- The Indian economy is a mixed economy, which means that a part of the economy is owned by private businessmen, industrialists, and entrepreneurs. The other part is managed by the government.
- The Indian economy is still on the list of developing economies of the world, owing to extremely high levels of illiteracy, unemployment, poverty, and so on. Despite so many problems around the nation to be solved and encountered on a daily basis, the Indian economy has a low GDP, compounded by the following issues:
 - Poor Infrastructural Development
 - Imperfect Market
 - Low per Capita Income
 - High rate of Population Growth
 - Poverty
 - Unadvanced Technology
 - Income Disparity
 - Agro-based Economy
 - Capital Formation
 - Social issues
- The Indian economy is a developing economy, aiming to become a \$5 trillion economy by the end of the financial year 2025. Although it wants to be a developed nation, there are enormous factors which are hindering India's progress. Also, the Indian economy is an agro-based economy.

Historical Context of the Indian Economy

Pre-Independence Economy

- Predominantly agrarian with limited industrialization.
- Exploitative colonial policies and their impact on economic structure.

Post-Independence Economic Policies and Reforms

1947-1991: Era of planned economy and mixed economic model.

Five-Year Plans focusing on industrialization, self-reliance, and poverty alleviation.

- Public sector dominance with regulated private sector.
- Post-1991: Economic liberalization and globalization.
- Structural reforms, deregulation, and opening up to foreign investment.
- Shift towards a market-driven economy

Major Economic Milestones

- Green Revolution (1960s-70s): Agricultural productivity boost.
- Economic Reforms of 1991: Liberalization, Privatization, Globalization (LPG).
- Digital Revolution (2000s onwards): IT and service sector boom.

Structure of the Indian Economy

Primary Sector

- Agriculture, forestry, fishing, mining.
- Contribution to GDP: ~15-20%.
- Employment: ~50% of the workforce.
- Key issues: Low productivity, monsoon dependency, rural distress.

Secondary Sector

- Manufacturing, construction, utilities.
- Contribution to GDP: ~25-30%.
- Employment: ~20% of the workforce.
- Key issues: Industrial policy, infrastructure, labor laws.

Tertiary Sector

- Services including IT, finance, healthcare, education, retail.
- Contribution to GDP: ~55-60%.
- Employment: ~30% of the workforce.
- Key issues: Skill development, service quality, urban-rural divide.

Assignment #01

Analyse how these changes (changes and developments from independence to the present day) have contributed to India's current economic landscape and development trajectory.

