

A Study Based on Economic Growth and Development of India

C. Mirunaa Rathika¹ and S. Priyanka²

¹Student Department of Commerce (FS) PSG College of Arts and Science

²Student, Department of Commerce (PA) PSGR Krishnammal Collage for Women.

E-mail: ¹mirunaarathika@gmail.com, ²prinkutarius@gmail.com

Abstract—The Economy of India is the seventh-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a country. The economic development in India followed socialist-inspired policies for most of its independent history, including state-ownership of many sectors; India's per capita income increased at only around 1% annualised rate in the three decades after its independence. India developing economy with an average growth rate of approximately 7% over the last two decades. The main objective of the study is to identify the economic growth and development of India. For the purpose of the study we collected primary data through questionnaire (in online mode) and secondary data's through internet, magazines and books. From this study we found that the main sectors of Indian economic growth are agriculture, industry, services, external trade investment, currency, income and consumption and employment. We also identified that the market capitalisation of Bombay Stock Exchange and National Stock Exchange of India is US\$1.71 trillion and US\$1.68 trillion respectively. The main drawbacks of economic growth of India are corruption and poverty. The economic growth has been driven by the expansion of services that have been growing consistently faster than other sectors. We also analysed that GDP growth rate of India has increased from 7.56% (2015) to 7.9%(March 2016).

Keywords: Economy, Growth, Development, GDP.

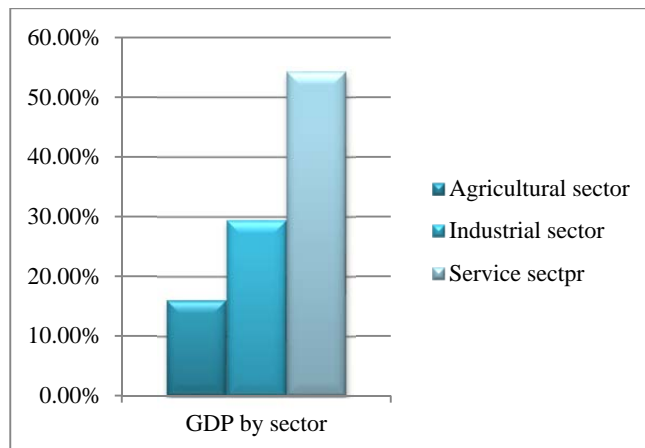
1. INTRODUCTION

The Economy of India is the seventh-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a newly industrialised country, one of the G-20 major economies, a member of BRICS and a developing economy with an average growth rate of approximately 7% over the last two decades. Maharashtra is the wealthiest Indian state and has an annual GDP of US\$220 billion, nearly equal to that of Portugal, and accounts for 12% of the Indian GDP followed by the states of Tamil Nadu (US\$140 billion) and Uttar Pradesh(US\$130 billion). India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing the People's Republic of China.

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low

dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The Indian economy has the potential to become the world's 3rd-largest economy by the next decade, and one of the largest economies by mid-century. And the outlook for short-term growth is also good as according to the IMF, the Indian economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and expected to grow 8.0%+ in 2016-17.

India has become a major exporter of IT services, BPO services, and software services with \$167.0 billion worth of service exports in 2013-14. It is also the fastest-growing part of the economy. The IT industry continues to be the largest private sector employer in India.^{[43][44]} India is also the fourth largest start-up hub in the world with over 3,100 technology start-ups in 2014-15. The GDP agricultural sector is 16.1%, industrial sector is 29.5% and service sector is 54.4% in 2015.



Source: The growth rate of Indian economy sector.

2. THE SECTORS OF INDIAN ECONOMY:

- Agricultural sector.
- Industrial sector.

- I. Petroleum products and chemicals
- II. Pharmaceuticals
- III. Engineering
- IV. Gems and Jewellery
- V. Textiles
- VI. Mining
- Service sector.
 - i. Energy and Power
 - ii. Infrastructure
 - iii. Retail
- vi. Tourism
- vii. Banking and finance
- viii. Aviation

3. INDIAN ECONOMIC DEVELOPMENT:

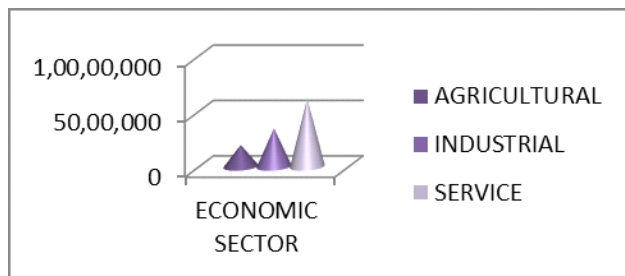
The economic development in India followed socialist-inspired policies for most of its independent history, including state-ownership of many sectors; India’s per capita income increased at only around 1% annualised rate in the three decades after its independence.

New GDP measure puts India's economy at \$2.1 trillion. The growth of the Indian economy is projected to accelerate to 7.4% in the current fiscal compared with 6.9% last year based on a new way of calculating gross domestic product (GDP).

The statistic shows the growth of the real gross domestic product (GDP) in India from 2010 to 2015, with projections up until 2020. GDP refers to the total market value of all goods and services that are produced within a country per year. It is an important indicator of the economic strength of a country. Real GDP is adjusted for price changes and is therefore regarded as a key indicator for economic growth. In 2015, India's real gross domestic product growth was at about 7.34 percent compared to the previous year.

4. DATA BASES AND ANALYSIS:

Chart no 1: Contribution of economic sector in 2015:

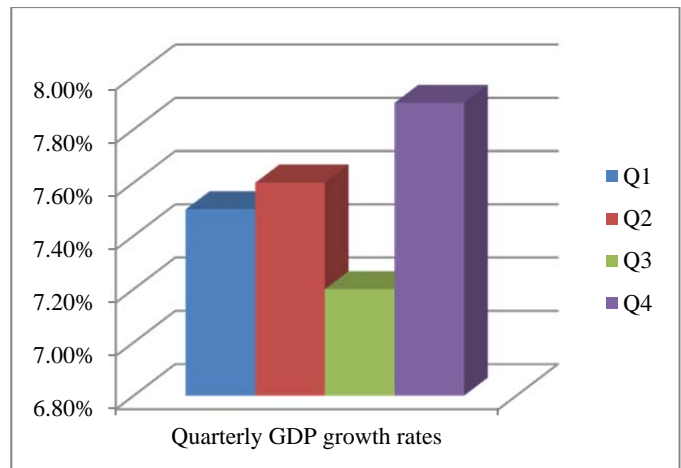


(Rs in crore)

Interpretation:

Major contribution of agricultural sector is agricultural forest and fishing. For industrial sector are mining & quarrying, manufacturing, electricity, gas, water supply & other utility services and construction. For service sector trade, repair, hotels & restaurants, transport, storage, communication & service related to broad casting, financial and real estate.

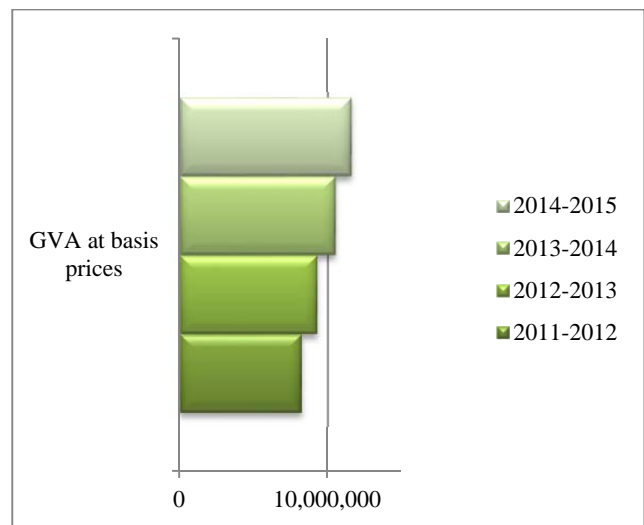
Chart no2: Real GDP growth of India:



Interpretation:

Real GDP growth or Gross Domestic Product (GDP) growth of India at constant (2011-12) prices in the year 2015-16 is estimated at 7.56 percent as compared to the growth rate of 7.24 percent in 2014-15. Quarterly GDP growth rates are : Q1 (7.5%), Q2 (7.6%), Q3 (7.2%), Q4 (7.9%).

Chart no 3: GVA (Gross Value Added) at its basis price:



(Rs in crore)

Interpretation:

The GVA price of this year 11,550,240 (2015-2016) which is considered as a remarkable increase as that of GVA in the year 2011-2012 which is 8,195,546.

5. SUGGESTION:

Factors for slowdown of Indian economy, suggestions for its improvement:

The Indian economy exemplified as a success story of the third world economies just a couple of years ago is at crossroads today limping at a pace slowest in almost a decade showing signs of drifting towards the pre 1991 era. Ironically, the man who steered us clear of the 1991 storm, and is at the helm of affairs now is helpless and at loggerheads owing to constant accusations of policy paralysis, corruption allegations and leadership crises weighing down his options. The factors that have led to this staggered and slumping growth scenario can be summed up by the following points:

- High and constantly increasing Current Account Deficit (CAD):- The increase in CAD i.e. the difference between inflow and outflow of foreign exchange in our country has put lot of pressures in the country's balance of payments also leading to weakening of Rupee and high rise inflation.
- Sharp Deceleration of Industrial production amid waning investor confidence due to uncertain government policies leading to lacklustre investment. The government's efforts to attract foreign investors have failed vehemently despite its efforts to ease up FDI norms and introduce investor friendly policy options.
- India's expansionary fiscal policy highlighted in its extravagant spending in national policies such as MNREGA and now Food Security, has led to a dramatic fiscal situation by widening fiscal deficits to alarming levels creating macroeconomic imbalances that strain the economy.
- Global financial crisis coupled with industrial economies beset by sovereign debt, and fiscal and banking problems only aggravates our financial concerns over slowdown.

The problems faced by Indian economy are inflation, Poor educational standards, Poor Infrastructure, Balance of Payments deterioration, High levels of private debt, Inequality has risen rather than decreased, Large Budget Deficit, Large Budget Deficit, Inefficient agriculture, Slowdown in growth.

These are the some of the areas to be improved by Indian economy.

6. CONCLUSION:

New GDP measure puts India's economy at \$2.1 trillion. The growth of the Indian economy is projected to accelerate to 7.4% in the current fiscal compared with 6.9% last year based on a new way of calculating gross domestic product (GDP). India GDP Growth at 1 and 1/2-Year High of 7.9%. The Indian economy expanded 7.9 percent year-on-year in the first three months of 2016, higher than a downwardly revised 7.2 percent growth in the previous quarter and much better than market expectations of a 7.5 percent increase. It is the best performance in six quarters, boosted by private spending while investment and exports declined. Considering full 2015/2016 year (April to March), the GDP in India advanced 7.6 percent, higher than 7.2 percent in the previous year. The main drawbacks of economic growth of India are corruption and poverty. The economic growth has been driven by the expansion of services that have been growing consistently faster than other sectors. We also analysed that GDP growth rate of India has increased from 7.56% (2015) to 7.9 % (March 2016). India shows a considerable economic growth and development in world economy.

REFERENCE:

- [1] https://en.wikipedia.org/wiki/Economy_of_India
- [2] <http://economictimes.indiatimes.com/news/economy/infrastructure/india-needs-1-5-trillion-for-infrastructure-arun-jaitley/articleshow/52922015.cms>
- [3] <http://www.tradingeconomics.com/india/gdp-growth-annual>
- [4] https://www.google.co.in/search?scient=psy-ab&biw=1366&bih=667&q=statistics+of+economic+growth+in+india&oq=statistics+of+economic+growth+in+in&gs_l=serp.3.0.0i22i30.1490.12325.2.14636.17.17.0.0.0.335.3250.0j11j4j2.17.0...0...1c.1.64.serp..0.17.3245...0j0i67.58gAhxx8vBI&pbx=1&ca d=cbv&bvch=u&sei=MIVyV-fEFpqevQSmKWIDA
- [5] <http://www.statista.com/statistics/263617/gross-domestic-product-gdp-growth-rate-in-india/>
- [6] <http://statisticstimes.com/economy/sectorwise-gdp-contribution-of-india.php>
- [7] <http://www.economicshelp.org/india/problems-indian-economy/>