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IMPORTANT ECONOMIC & SOCIAL WELFARE SCHEMES / PROJECTS OF THE UNION GOVERNMENT

ECONOMIC AND SOCIAL ISSUES

NATURE OF INDIAN ECONOMY

Nature of Indian Economy

- ◆ Indian economy is the Seventh largest economy in the world. Being one of the top listed countries. In terms of industrialization and economic growth, India holds a robust position with an average growth rate of 7% (approximately).
- ◆ Even though the rate of growth has been sustainable and comparatively stable, there are still signs of backwardness.

Features of a Developed Economy : 1. High National Income, 2. High Per Capita Income, 3. High Standard of Living, 4. Full Employment of Resources, 5. Dominance of Industrial Sector, 6. High Level of Technology, 7. High Industrialization, 8. High Consumption Level, 9. High Level of Urbanisation, 10. Smooth Economic Growth, 11. Social Equity, Gender Equality and Low Levels of Poverty, 12. Political Stability and Good Governance

Features of Indian Economy

India has a mixed economy	Indian economy is a typical example of mixed economy. This means both private and public sectors co-exist and function smoothly. On one side, some of the fundamental and heavy industrial units are being operated under the public sector, while, due to the liberalization of the economy, the private sector has gained importance. This makes it a perfect model for public – private partnership.
Agriculture plays the key role	Agriculture being the maximum pursued occupation in India, it plays an important role in its economy as well. Around 60% of the people in India depend upon agriculture for their livelihood. In fact, about 17% of our GDP today is contributed by the agricultural sector. Green revolution, ever green revolution and inventions in bio technology have made agriculture self sufficient and also surplus production. The export of agricultural products such as fruits, vegetables, spices, vegetable oils, tobacco, animal skin, etc. also add to forex earning through international trading.
An emerging market	India has emerged as vibrant economy sustaining stable GDP growth rate even in the midst of global downtrend. This has attracted significant foreign capital through FDI and FII. India has a high potential for prospective growth. This also makes it an emerging market for the world.
Emerging Economy	Emerging as a top economic giant among the world economy, India bags the seventh position in terms of nominal Gross Domestic Product (GDP) and third in terms of Purchasing Power Parity (PPP). As a result of rapid economic growth Indian economy has a place among the G20 countries.
Fast Growing Economy	India's economy is well known for high and sustained growth. It has emerged as the world's fastest growing economy in the year 2016-17 with the growth rate of 7.1% in GDP next to People's Republic of China.
Fast growing Service Sector	The service sector, contributes a lion's share of the GDP in India. There has been a high rise growth in the technical sectors like Information Technology, BPO etc. These sectors have contributed to the growth of the economy. These emerging service sectors have helped the country go global and helped in spreading its branches around the world.
Large Domestic Consumption	With the faster growth rate in the economy the standard of living has improved a lot. This in turn has resulted in rapid increase in domestic consumption in the country. The standard of living has considerably improved and life style has changed.

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Rapid growth of Urban areas	Urbanization is a key ingredient of the growth of any economy. There has been a rapid growth of urban areas in India after independence. Improved connectivity in transport and communication, education and health have speeded up the pace of urbanization.
Stable macro economy	The Indian economy has been projected and considered as one of the most stable economies of the world. The current year's Economic survey represents the Indian economy to be a "heaven of macroeconomic stability, resilience and optimism. According to the Economic Survey for the year 2014 –15, 8% plus GDP growth rate has been predicted, with actual growth turning out to be a little less (7.6%). This is a clear indication of a stable macroeconomic growth.
Demographic dividend	The human capital of India is young. This means that India is a pride owner of the maximum percentage of youth. The young population is not only motivated but skilled and trained enough to maximize the growth. Thus human capital plays a key role in maximizing the growth prospects in the country. Also, this has invited foreign investments to the country and outsourcing opportunities too.

Weakness of Indian Economy

Large Population	India stands second in terms of size of population next to China and our country is likely to overtake china in near future. Population growth rate of India is very high and this is always a hurdle to growth rate. The population growth rate in India is as high as 1.7 per 1000. The annual addition of population equals the total population of Australia.
Inequality and poverty	There exists a huge economic disparity in the Indian economy. The proportion of income and assets owned by top 10% of Indians goes on increasing. This has led to an increase in the poverty level in the society and still a higher percentage of individuals are living Below Poverty Line (BPL). As a result of unequal distribution of the rich becomes richer and poor becomes poorer.
Increasing Prices of Essential Goods	Even though there has been a constant growth in the GDP and growth opportunities in the Indian economy, there have been steady increase in the price of essential goods. The continuous rise in prices erodes the purchasing power and adversely affects the poor people, whose income is not protected.
Weak Infrastructure	Even though there has been a gradual improvement in the infrastructural development in the past few decades, there is still a scarcity of the basic infrastructure like power, transport, storage etc.
Inadequate Employment generation	With growing youth population, there is a huge need of the employment opportunities. The growth in production is not accompanied by creation of job. The Indian economy is characterized by 'jobless growth'.
Outdated technology	The level of technology in agriculture and small scale industries is still outdated and obsolete.

Demographic trends in India

Scientific study of the characteristics of population is known as Demography. The various aspects of demographic trends in India are :

1. Size of population
2. Rate of growth
3. Birth and death rates
4. Density of population
5. Sex-ratio
6. Life-expectancy at birth
7. Literacy ratio

The demographic dividend is the accelerated economic growth that may result from a decline in a country's birth and death rates and the subsequent change in the age structure of the population. With fewer births each year, a country's young dependent population declines in relation to the working-age population. Since 2018, India's working-age population (people between 15 and 64 years of age) has grown larger than the dependant population (defined as children aged 14 or below as well as people above 65 years of age).

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a. Size of Population

Census Year	Population (in crores)	Average annual growth rate
1901	23.84	–
1911	25.21	0.56
1921	25.13	– 0.03
1931	27.90	1.04
1941	31.87	1.33
1951	36.11	1.25
1961	43.92	1.96
1971	54.81	2.20
1981	68.33	2.22
1991	84.33	2.16
2001	102.70	1.97
2011	121.02	1.66

- ◆ In terms of size of population, India ranks 2nd in the world after China. India has only about 2.4% of the world's geographical area and contributes less than 1.2% of the world's income, but accommodates about 17.5% of the world's population. In other words, every 6th person in the world is an Indian. Infact, the combined population of just two states namely, Uttar Pradesh and Maharashtra is more than the population of United States of America, the third most populous country of the world. Some of the states in India have larger population than many countries in the world.
- ◆ The negative growth during 1911-21 was due to rapid and frequent occurrence of epidemics like cholera, plague and influenza and also famines. The year 1921 is known as the 'Year of Great Divide' for India's population as population starts increasing.
- ◆ During 1951, population growth rate has come down from 1.33% to 1.25%. Hence it is known as 'Year of Small divide'.
- ◆ In 1961, population of India started increasing at the rate of 1.96% i.e, 2%. Hence 1961 is known as 'Year of Population Explosion'. In the year 2001, the Population of India crossed one billion (100 crore) mark.

- ◆ The 2011 census reveals growth of youth population which is described as 'demographic transition'.

b. Birth rate and death rate

- ◆ **Crude Birth rate** : It refers to the number of births per thousand of population.
- ◆ **Crude Death rate** : It refers to the number of deaths per thousand of population
- ◆ Crude birth and death rates of India during various years

Year	Rate	
	C.B.R	C.D.R
1951	39.9	27.4
2001	25.4	8.4
2011	21.8	7.11

- ◆ Birth rate was 39.9 in 1951; it fell to 21.8 in 2011. Although the birth rate has declined, the decline is not so remarkable. The death rate has declined from 27.4 in 1951 to 7.1 in 2011. However, from the data it is clear that the fall in birth rates is less than that of death rates.
- ◆ Kerala has the lowest birth rate (14.7) and Uttar Pradesh has the highest birth rate (29.5). West Bengal has the lowest death rate (6.3) and Orissa (9.2) has the highest. Among States Bihar has the highest decadal (2001-11) growth rate of population, while Kerala has the lowest growth rate. The four states Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh called **BIMARU** states have very high population.

c. Density of population

It refers to the average number of persons residing per square kilometre. It represents the man- land ratio. As the total land area remains the same, an increase in population causes density of population to rise.

$$\text{Density of population} = \frac{\text{Total population}}{\text{Land area of the region}}$$

d. Density of population

Year	Density of population (No. of persons per sq.km)
1951	117
2001	325
2011	382

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♦ Just before Independence, the density of population was less than 100. But after independence, it has increased rapidly from 117 in 1951 to 325 in 2001. According to 2011 census, the present Density of population is 382. Thus, the pressure of population on land has been rising. Kerala, West Bengal, Bihar and Uttar Pradesh have density higher than the India's average density. Bihar is the most densely populated state in the country with 1,102 persons living per sq.km followed by West Bengal with 880. Arunachal Pradesh has low density of population of only 17 persons.

e. Sex ratio

♦ It refers to the number of females per 1,000 males. It is an important indicator to measure the extent of prevailing equity between males and females at a given point of time.

Sex Ratio	
Census year	Sex ratio (Number of females per 1000 males)
1951	946
2001	933
2011	940

♦ In India, the sex ratio is more favourable to males than to females. In Kerala, the adult sex ratio is 1084 as in 2011. The recent census (2011) shows that there has been a marginal increase in sex ratio. Haryana has the lowest sex ratio of 877 (2011) among other states, while Kerala provides better status to women as compared to other States with 1084 females per 1000 males

f. Life expectancy at birth

♦ It refers to the mean expectation of life at birth. Life expectancy has improved over the years. Life expectancy is low when death rate is high and / or instances of early death are high. On the other hand, life expectancy is high when death rate is low and/or instances of early death are low.

Life Expectancy			
Year	Male	Female	Overall
1951	32.5	31.7	32.1
1991	58.6	59.0	58.7
2001	61.6	63.3	62.5
2011	62.6	64.2	63.5

♦ During 1901 – 11, life expectancy was just 23 years. It increased to 63.5 years in 2011. A considerable fall in death rate is responsible for improvement in the life expectancy at birth. However the life expectancy in India is very low compared to that of developed countries.

g. Literacy ratio

♦ It refers to the number of literates as a percentage of the total population. In 1951, only one-fourth of the males and one-twelfth of the females were literates. Thus, on an average, only one-sixth of the people of the country were literates. In 2011, 82% of males and 65.5% of females were literates giving an overall literacy rate of 74.04% (2011). When compared to other developed countries and even Sri Lanka this rate is very low.

Literacy ratio			
Census year	Literate persons	Males	Females
1951	18.3	27.2	8.9
2001	64.8	75.3	53.7
2011	74.04	82.1	65.5

♦ Kerala has the highest literacy ratio (92%) followed by Goa (82%), Himachal Pradesh (76%), Maharashtra (75%) and Tamil Nadu (74%). Bihar has the lowest literacy ratio (53%) in 2011.

Social Infrastructure

♦ Social infrastructure refers to those structures which are improving the quality of manpower and contribute indirectly towards the growth of an economy. These structures are outside the system of production and distribution. The development of these social structures help in increasing the efficiency and productivity of manpower.

♦ For example, schools, colleges, hospitals and other civic amenities. It is a fact that one of the reasons for the low productivity of Indian workers is the lack of development of social infrastructure.

Education

a. Education in India

♦ Imparting education on an organized basis dates back to the days of 'Gurukul' in India. Since then the Indian education system has