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Introduction of Indian Economy and its Overview of Growth Rate

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Introduction:

India is a developing country and its economy is a mixed economy where the public sector co-exists with the private sector. While Indian economy introduction is started, the major focus is always on the agriculture sector. This is because Indian economy is based on agriculture, because nearly 52% of the total population of Indias depends on agriculture. For an overview of Indian Economy, India is likely to be the third largest economy with a GDP size of $15 trillion by 2030.The economy of India is currently the world's fourth largest in terms of real GDP (purchasing power parity) after the USA, China and Japan and the second fastest growing major economy in the world after China. There are some facts from history regarding India as an Economy. Dadabhai Naoroji is known as the 'Father of Indian Politics and Economics', also known as the 'Grand Old Man of India'. Dadabhai Naoroji was the first to calculate the national income of India. In his book "Poverty and Un-British Rule in India" he describes his theory, i.e. the economic exploitation of India by the British. His theory is popularly called the Economic Drain Theory. That's when economy of India came into discussion as an entity, prior to that it was just a scramble of princely states and colonisers. After that there are varies measurements introduced by economist to measure any economist development or growth rate. One of the most important measurements is growth rate for one year of any country.

Key word = growth rate, GDP, development, economic sectors

Features of Indian Economy: -

- Low per capita income.
- Inequalities in income distribution.
- Predominance of agriculture. (More than 2/3rd of India's working population is engaged in agriculture. But in USA only 2% of the working population is engaged in agriculture.)
- Rapidly growing population with 1.2% annual change.
- Chronic unemployment (A person is considered employed if he / she works for 273 days of a year for eight hours every day.) Unemployment in India is mainly structural in nature.

- Low rate of capital formation due to less saving rate.
- Dualistic Nature of Economy (features of a modern economy, as well as traditional).
- Mixed Economy
- Follows Labour Intensive Techniques and activities.

Above are the some most important key feature of Indian economy which prevail in Indian economy from independence of country to right now.

Sectors of Indian Economy: -

There are three sectors in the Indian economy like any other countries economy. There are varies sub sectors which contributed in the production or progress of economy, so that's why measure their contributions in the economy. The economist is divided that sub sectors into the three main sectors like below.

Primary Sector: When the economic activity depends mainly on exploitation of natural resources then that activity comes under the primary sector. Agriculture and agriculture related activities are the primary sectors of economy.

Secondary Sector: When the main activity involves manufacturing then it is the secondary sector. All industrial production where physical goods are produced come under the secondary sector.

Tertiary Sector: When the activity involves providing intangible goods like services then this is part of the tertiary sector. Financial services, management consultancy, telephony and IT are examples of service sector. Financial services, management consultancy, telephony and IT are examples of service sector.

Meaning of growth:

Economic growth is the increase in the capacity of an economy to produce goods and services over a period of time (generally one year). It's usually measured by the percentage increase in a country's real gross domestic product (GDP), which is the market value of all goods and services produced in the country after adjusting for inflation.

GDP stands for "Gross Domestic Product" and is a measure of the total monetary value of final goods and services produced in a country over a period of time. It's a common way to measure the size of an economy and the health of a nation's economy. GDP includes goods and services produced for sale in the market, as well as some nonmarket production, like government-provided defense or education services.

GDP is important because it gives information about the size of the economy and how an economy is performing. The growth rate of real GDP is often used as an indicator of the general health of the economy. An increase in real GDP is generally interpreted as a sign that the economy is doing well. When real GDP is growing strongly, employment is likely to be increasing as companies hire more workers for their factories and people have more money in their pockets. When GDP is shrinking, employment often declines. In some cases, GDP may be growing, but not fast enough to create a sufficient number of jobs for those seeking them.

Economic growth can be measured in nominal or real terms:

- **Nominal economic growth**

  The increase in the dollar value of production over time, including changes in both the volume of production and the prices of goods and services

- **Real economic growth**

  The increase in the volume produced only, which takes away the effect of prices changing in the economy.

Simply economic growth is different from economic development, which is a broader concept that includes economic growth as well as the overall quality of life in a country. We can write like belove also in the form of formula.

Economic growth = prices of all final good and services produced within a year

In simplest terms, economic growth refers to an increase in aggregate production in an economy, which generally manifests as a rise in national income.

Often, but not necessarily, aggregate gains in production correlate with increased average marginal productivity. That leads to an increase in incomes, inspiring consumers to open up their wallets and buy more and driving a higher material quality of life and standard of living. In economics, growth is commonly modeled as a function of physical capital, human capital, labor force, and technology. Increasing the quantity or quality of the working-age population, the tools that they have to work with, and the recipes that they have available to combine labor, capital, and raw materials will lead to increased economic output.

In the below table given that India's last decade growth rate and its trend.

India GDP Growth Rate - Historical Data

Year	GDP Growth rate (%)	Annual change (%)
2023	7.58	0.60
2022	6.99	-2.70
2021	9.69	15.47
2020	-5.78	-9.65
2019	3.87	-2.58
2018	6.45	-0.34
2017	6.80	-1.46
2016	8.26	0.26
2015	8.00	0.59
2014	7.41	1.02
2013	6.39	0.93
2012	5.46	0.22
2011	5.24	-3.26

Sources: www.macrotrends.net/global metrics/countries/IND/india/gdp-growth-rate' India GDP Growth Rate 1961-2025/ www.macrotrends.net. Retrieved 2025-01-05

The given table provides data on the GDP growth rate and the annual change in the GDP for each year from 2011 to 2023. Here's an explanation of the above two columns:

GDP Growth Rate (%): This represents the percentage increase or decrease in the total value of goods and services produced by a country in a given year compared to the previous year. A positive number indicates economic growth, while a negative number indicates a contraction in the economy.

Annual Change (%): This shows the percentage change in GDP compared to the previous year. It's similar to the GDP growth rate but focuses on the year-over-year change in economic output. For example, an annual change of +0.60 % means that the GDP in 2023 increased by 0.60 % compared to 2022.

The above table shows that some key Trends of Indian economy is given below:

In 2023 saw a 7.58 % GDP growth rate, which is a strong recovery, but the annual change is much lower at 0.60 %. This means that while the economy grew compared to the previous year, the rate of growth slowed down compared to the very high growth rate in 2021.

In 2022 had a 6.99 % GDP growth rate, a good rebound after the pandemic-induced slowdown in 2020. The annual change in 2022 was -2.70 %, indicating that the economy grew at a slower rate than 2021's significant recovery.

In 2021 experienced a strong 9.69 % GDP growth rate, following the pandemic-induced contraction of 2020. The annual change of 15.47 % indicates a massive rebound in economic output as the economy recovered from the pandemic.

In 2020 had a -5.78 % GDP growth rate, showing a contraction due to the pandemic. The annual change of -9.65 % reflects the severity of the decline in economic activity. In 2019 saw a 3.87 % GDP growth rate, but with a -2.58 % annual change, meaning growth slowed down compared to 2018.

In 2018 had a 6.45 % GDP growth rate, but the annual change was slightly negative at -0.34 %, indicating that while the economy grew, it did not improve as much compared to 2017. In 2017 recorded a 6.80 % GDP growth rate, but the annual change was -1.46 %, suggesting that growth slowed compared to 2016.

In 2016 had an 8.26 % GDP growth rate, which is a strong growth year, with the annual change being a slight 0.26 % improvement from 2015. In the year 2015 saw 8.00 % GDP growth, with a 0.59 % annual change, indicating a slight improvement from 2014. In 2014 had a 7.41 % GDP growth rate, with a 1.02 % annual change, indicating a slightly higher rate of growth compared to 2013.

In 2012 had a 5.46 % GDP growth rate, and a small 0.22 % annual change, indicating relatively slow growth compared to 2011. then 2011 had a 5.24 % GDP growth rate, but a -3.26 % annual change, suggesting that growth slowed significantly compared to 2010.

Summary of the above given data are like below:

- The Indian economy showed strong growth in the years immediately following the 2020 pandemic downturn, especially in 2021.

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- However, the GDP growth rate slowed in 2022 and 2023, reflecting challenges like inflation, supply chain issues, or other external factors.
- The annual change can help highlight whether the rate of economic growth is accelerating or slowing compared to the previous year.

Conclusion:

The Indian economy undergoes several positive changes since independence. It is growing at a good pace. However, the rural regions of our country are still under-developed. The government must make efforts to improve the economic condition of these areas. The Indian economy has fully recovered to the pre-pandemic real GDP level of 2019-20, according to the provisional estimates of GDP released on May 31, 2022. Real GDP growth in FY 2021-22 stands at 8.7%, which is 1.5% higher than the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate in the fourth quarter increased to its highest level in the previous nine quarters. Moreover, capacity utilization in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy. Furthermore, revival in monsoon and Kharif sowing helped the agriculture sector gain momentum. As of July 11, 2022, the South-West monsoon has covered the entire country, resulting in 7% higher rainfall than the normal level. India has emerged as the fastest-growing major economy in the world, and is expected to be one of the top three economic powers globally over the next 10-15 years, backed by its robust democracy and strong partnerships. Now, with 7% growth forecast for 2022, India's economy has overtaken the United Kingdom's in terms of size, making it the fifth largest ($ 3.53 T).

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