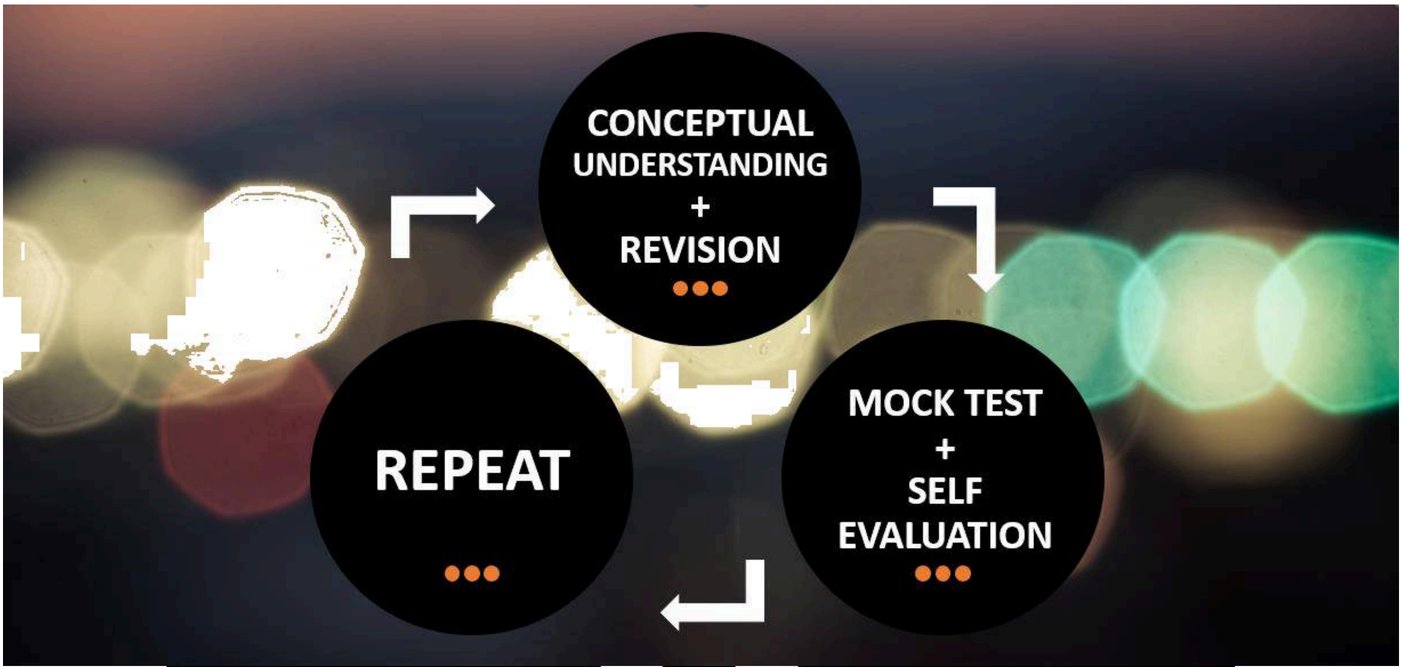
JAIIB IE & IFS Module A (Unit 1- An Overview of Indian Economy)

INDIAN ECONOMY & INDIAN FINANCIAL SYSTEM



Evolution Of Indian Economy

According t[redacted]

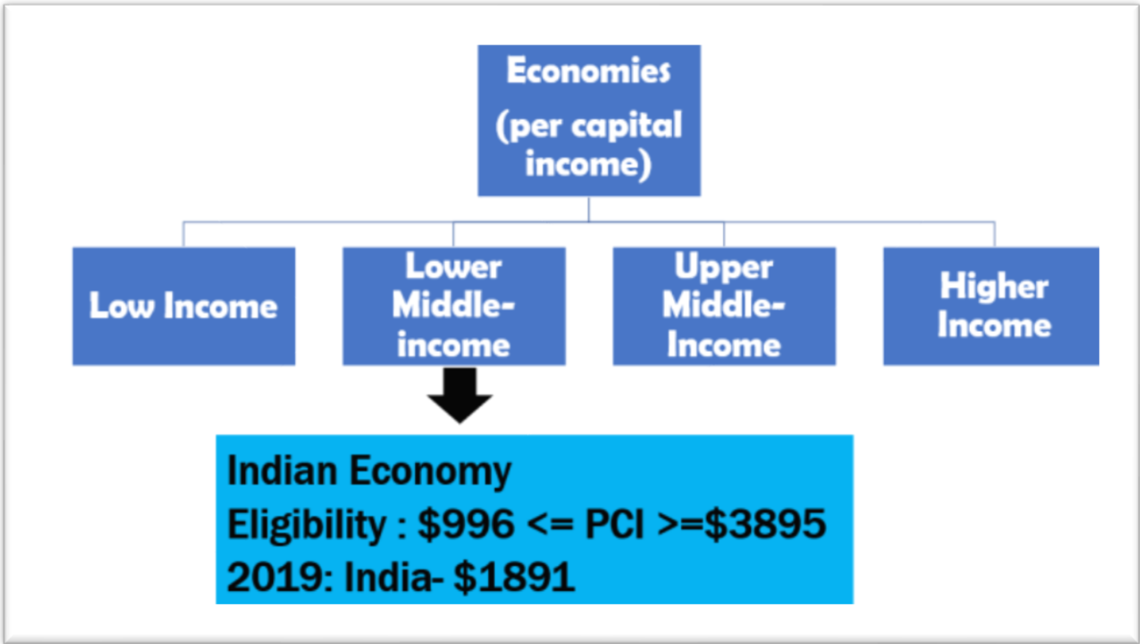
- 1000 AD [redacted]
- 1600 AD [redacted]
  29% - Ch[redacted]
  23% - In[redacted]
- A centur[redacted]ld output.

In terms of GDP purchasing power parity (PPP), India is ranked 3rd in the world only after USA and China.

Today, India is one of the world's fastest growing major economies.

Basic Characteristics of Indian Economy

World Bank classifies economies considering per capita income.



In terms of PCI, India ranked very low.

- The low [redacted]
  - pove[redacted]
  - unen[redacted]
  - illite[redacted]

A number of factors influence the nature and characteristics of the Indian economy. Some of these factors include:

(i) low per capita real income,
(ii) rapid population growth,
(iii) a high rate of unemployment, underemployment, and disguised unemployment,
(iv) excessive reliance on the primary sector,
(v) a vicious circle of poverty, and
(vi) rising unemployment.

Indian Economy In British Period

- During British colonialism, India's commerce, trade, and investment were hampered by the unilateral transfer of capital and raw materials to Britain.
- Under British rule, India remained a low-quality labour market.
- According to statistics, less than 1/6 of Indians were only literate.
- 1867-68 : Dadabhai Naoroji published the first estimates of national income in India in his book "Poverty and Un-British Rule in India"

According to Dadabhai Nairoji:

- British India's national income was **Rs. 340 crore**,
- Per capita income was **Rs. 20 per annum at current prices**

Note:

- **India's s[illegible] 23% [illegible] 194[illegible] had [illegible]**

Note:

- **India's s[illegible] ut [illegible] time [illegible] British left in 1947, it [illegible]**

British Era

Early- British Period 1600-1757

1757-1857 AD

British crown 1858-onward

Britishers Introduced:

- Zamindari,
- Mahalwari &
- Ryotwari system – to take excessive land tax from farmers.

- Commercialisation created a new class of intermediaries, increased the frequency of famines, & reduced farmers to landless labour.

- Private remittance: From 1858 to 1947, the colonial government's official transfers of monies to the United K[redacted]

Comparative Macroeconomic Performance

Comparative Macroeconomic Performance of India and Britain, 1600–1947		
Per Capita GDP (1990 int. Dollars)		
India	550	618
United Kingdom	974	6,361
Population		
India	13.5 crore	41.4 crore*
United Kingdom	61.7 lakhs	4.95 crore
GDP (Million 1990 int. Dollars)		
India	74,250	255,852
United Kingdom	6,007	314,969

Source: Tabulated by author from Maddison, A. (2001). The world economy: A millennial perspective. Development Centre Studies, OECD. Paris; *: Including Pakistan

- India's p[redacted]r Britain for the same[redacted]
- India's t[redacted]as 52 times.

In 1978, Professor Raj Krishna coined the phrase "Hindu rate of growth" to describe the slow growth of the Indian economy.

Hindu Growth Rate

- **THE TERM REFERS TO: SLOW RATE OF GROWTH**

- India's planned economy's low annual growth rate - around 3.5% from the 1950s to the 1980.
- **During the 6th five-year plan (1980–1985)** India could break the curse of the '**Hindu Rate of Growth**'.

Q1. World Bank classifies economies considering per capita income. There are 4 categories namely - Low Income; Lower Middle-Income; Upper Middle-Income and Higher Income. Indian economy falls under the category of _____.

(a) Low Income
(b) Lower Middle-Income
(c) Upper Middle-Income
(d) Higher Income

Ans.(b)

Q2. The low per capita income is mainly attributed to high levels of _____.

(a) poverty, [redacted]
(b) poverty, [redacted]
(c) poverty, [redacted]
(d) poverty, [redacted]

Ans.(a)

Q3. As per t[redacted]ia's sh[redacted]0 AD.

(a) 5 per ce[redacted]
(b) 10 per c[redacted]
(c) 23 per c[redacted]
(d) 30 per c[redacted]

Ans.(c)

Q4. India a[redacted] percent in 1947.

(a) 23, 3
(b) 33, 5
(c) 23, 5
(d) 33, 3

Ans.(d)

Q5. In 197[redacted]escribe the growth of the Indian economy. What does the term refer to?

(a) High rate of economic growth in India
(b) Slow rate of economic growth in India
(c) Rapid industrialization of India
(d) Growth rate of the Indian agricultural sector

Ans.(b)

Q6. The introduction of the Zamindari, Mahalwari, and Ryotwari systems by the British led to several negative consequences for Indian farmers. Which of the following was one of the major impacts on the agrarian community?

(a) Reduction in the frequency of famines
(b) Transformation of farmers into wealthy landowners
(c) Increased frequency of famines and impoverishment of farmers
(d) The establishment of large agricultural co-operatives
Ans.(c)

Q7. In his book Poverty and Un-British Rule in India, Dadabhai Naoroji estimated that India's per capita income was Rs. 20 per annum at current prices. What did this low per capita income reflect about the living conditions of the average Indian during British rule?
(a) It reflected a relatively high standard of living for the Indian population
(b) It indicated widespread poverty and economic underdevelopment
(c) It sugges [illegible]
(d) It pointe [illegible]
Ans.(b)

Q8. India's [illegible] its unique characteris [illegible] follo [illegible] ly describe some of the [illegible] econo [illegible]
(a) Low per [illegible] n growth, [illegible] iance on the secondar [illegible]
(b) High pe [illegible] ion d [illegible] e, un [illegible] ance on the primary [illegible] rity.
(c) Low pe [illegible] pid population gr [illegible] mployment, underem [illegible] e on [illegible] secto [illegible]
(d) High per [illegible], full employment, industria [illegible] n, and rapid technolo [illegible] gres [illegible]
Ans.(c)