

INDIAN ECONOMY @ 75 : AN OVERVIEW

(Speech delivered by Dr. M.M.Chikodikar – Offg. Principal on the eve of 75th Anniversary of Independence Day – Azadi Ka Amrit Mahotsav)

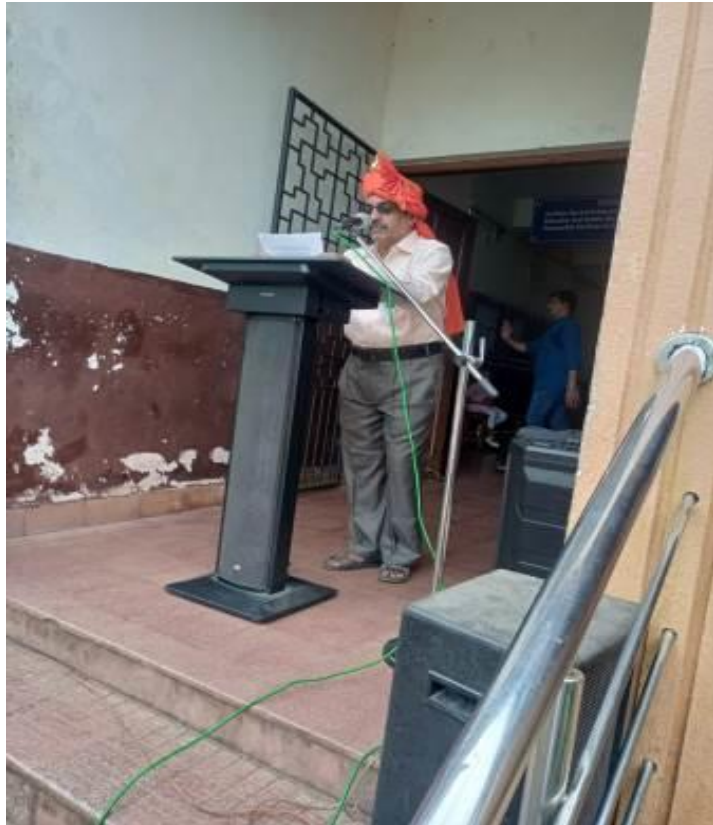
“Friends, Romans, countrymen, lend me your ears.” This is the first line of speech by Mark Antony in the play Julius Caesar written by William Shakespeare. In the same way, I would say, My dear colleagues, students and all others, lend me your ears because we have gathered here to celebrate the 75th anniversary of our Independence, popularly known as Azadi Ka Amrit Mahotsav. At this important juncture, let me give a broad sketch of our Indian economy by looking back and forward.

On 15th August 1947, when India became independent, in a celebrated and oft-quoted passage in his address

to the nation, Jawaharlal Nehru said : “ Long years ago, we made a tryst with destiny and now the time has come when we shall redeem our pledge, not wholly or in full measure, when the world sleeps, India will awake to life and freedom.”

On this 75th Anniversary of our Independence, as we look back, there is certainly much to rejoice in what India has been to achieve in past 75 years.

The Indian economy which was quite for some time – from 1950s to 1970s was in doldrums, has also recovered and shown rapid and steady growth since the beginning of 80s. Till 1980s the Indian economy grew at an average rate of 2.5 % to 3% which is popularly known as “Hindu rate of growth.” It was only after 1980s the economy started to grow at the rate of 5% or more. After 1990s or so the growth rate picked up and the country grew at a rate of 9% or so. Since the start



of the 21st century, annual average GDP growth has been 6 % to 7% and from 2013 to 2018, India was the world's fastest growing major economy surpassing China.

According to a report by International Monetary Fund (IMF), India has become the fastest growing economy in the world with a projected Gross Domestic Product (GDP) growth of 8.2% for FY2022. India is considered world's fifth largest economy in terms of nominal GDP and its GDP is around 3.5 US trillion dollar.

In fact we are talking of becoming a 5 trillion dollar economy within a couple of years. India's per capita GDP in 2022 is 2500 US Dollar.

During first 40 years or so (1950 to 1990) we followed a strategy of 'planned economic development' where in emphasis was given on public sector investment. The economy was a closed economy and this period was also known as a period of a 'license raj/ permit raj'. Though we said our economy was a mixed economy, in reality it was a state –directed 'command economy'. In 1991 there was a significant change in the strategy and we adopted the strategy of "Liberalization, Privatization and Globalization" popularly known as "LPG" strategy. Major reforms were introduced in – industrial, banking, international trade and insurance sectors making the economy an 'open economy'.

A flexible industrial licensing policy and a relaxed FDI policy started getting positive responses from international investors. Among the major factors that drove India's economic growth following the economic reforms of 1991 were increased FDI, adoption of information technology, and increased domestic consumption.

Prior to 1990s the Indian consumer had a very limited choice w.r.t. goods and services like – only two or three varieties of scooter – Bajaj, Vespa, Two or three varieties of a car – like Fiat and Ambassador, airline services – only Air India, Post & Telegraph – Only postal department, Banking & Insurance – Only public sector and government owned . Telephone – only landline. Moreover, most of these were out of the reach of the middle – income group people. It was believed that only "elite" group can afford it. Any person or family having these goods were considered as rich or super – rich people.

But after 1990s, with the adoption of LPG the situation changed completely. Now the Indian consumer has a variety of choices w.r.t. two wheelers, four wheelers, telephone, airlines,

postage, insurance and banks. In fact, the earlier companies have lost their monopoly and market share and are now replaced with new companies & new models. Many of the earlier companies have either closed down or have adopted the right technology to introduce better variety of their products. For example, with the advent of courier services, the monopoly of postal department is reduced. Similarly, with the availability private airlines like - Spicejet, Indigo, etc. Air India is no more a monopoly.

The most important change which has taken place is in the field of information technology and telecommunication sector. With the availability of mobile phone handset and services, BSNL as well as other public sector telephone companies like MTNL have totally lost their monopoly and businesses and are now struggling to survive or in the verge of closing down. The IT industry is a major exporter of IT services with \$ 196 billion in revenue and employs over 4.47 million people. India's telecommunication industry is the world's second largest in terms of number of mobile phone, smart phone and internet users.

In a nutshell, the Indian middle class can now afford to have a two wheeler, a four wheeler, a mobile and many other consumer durable goods with a variety of choices.

Let us now have a look at some important figures –

- a) 40% of the people are engaged in agriculture while 25 % are engaged in industrial sector and 33% are engaged in service sector.
- b) The service sector contributes about 54% to GDP and remains the fastest growing sector, while industrial and agricultural sector contribute 30% and 16% respectively.
- c) In the agriculture sector – we had Green Revolution and White Revolution.
India ranks second globally in food and agricultural production.
- d) Our automobile industry is the world's fifth largest by production,
- e) India is also the world's second largest producer of coal, cement and steel and the third largest electricity producer.
- f) India has the world's fourth largest foreign exchange reserves worth \$ 588.314 billion.
- g) The Indian road network has become one of the largest in the world .Moreover, the total length of the country's national highways has increased from 24,000 km in 1947 to 1,37,625 km in 2021.

- h) After almost seven decades of Independence, India has emerged as the third largest producer of electricity in Asia. When it comes to rural electrification, the Indian government has managed to bring lights to all 18,452 villages by April 28, 2018, as compared to 3061 in 1950.
- i) The Male literacy rate has increased from 27% to 84%, and the Female literacy rate from 8.8% to 71%. In fact the policy makers have started focusing on financial literacy and financial inclusion drive since last 10 to 15 years. JAM trinity is focusing on it
- j) A decrease in death rates is considered one of the major achievements. While life expectancy was around 37 years in 1951, it almost doubled to 65 years by 2011. In 2022, it was increased to 70.19 years. Similar improvement was noticed in the maternal mortality rate also. India's maternal mortality rate also declined from 212 deaths per 100,000 live births in 2007 to 103 deaths in 2017-19, as per a report by The Hindu.
- k) After a long-drawn struggle, India has been finally declared a polio-free country in 2014. The Swachh Bharat Abhiyan has provided an impetus to stop open defecation and prevent the spread of communicable diseases. India has pledged to eradicate TB by 2025.
- l) In 2018, the Central Government also launched the Ayushman Bharat Scheme which is a centrally funded health insurance scheme covering around 40% of the country's population. Till now, it has issued over 12.5 crore Ayushman cards, and 1.23 crore people have availed its benefit.
- m) Another big achievement in the healthcare sector is the making of COVID19 vaccines that helped the nation in fighting the deadly coronavirus.
- n) With availability of a variety of banks like – the commercial banks, the small finance banks and payment banks, and with the developments in IT sector, various payment modes are available and hence the country is gradually progressing towards digital financial inclusion.

In spite of above achievements certain economic problems are not yet fully resolved like – poverty, inequality and unemployment.

In this 75 years our country has experienced several natural calamities, in the form of droughts and famines Tsunami, Wars – Indo China, Indo – Pakistan, The Kargil war, and several terrorist attacks.

We also had some political shocks in the form of assassination of Prime Minister's. The country also came across certain economic shocks in the form of East Asian Crisis 1997, Global Financial Crisis (2008) and the health crisis of Covid -19 pandemic (2019 -20). This abnormal conditions no doubt affected the performance of the economy however appropriate monetary policies by the RBI and fiscal policies by the government helped the country to come out of these crisis situations. The GFC and Covid 19 also affected the stock market adversely as there was a severe fall in BSE Sensex and NSE Nifty. However, after a couple of months there was a recovery in those indices.

India is passing through the stage of demographic dividend. This window of demographic dividend will be available for 50 years from 2005 to 2055. It will provide golden opportunity for rapid socio-economic development, if policy makers align the developmental policies with this demographic shift. To take the advantage of demographic dividend proper investment in human capital is needed by focusing on education, skill development and healthcare facilities.

At this juncture we should not forget the contribution and sacrifice of the freedom fighters like – Bhagat singh, Chandrashekhar Azad, Sukhdev, Rajguru, Savarkar, Subhash Chandra Bose, Mahatma Gandhi, Pandit Nehru, Sardar Patel, Bal Gangadhar Tilak, Lala Lajpat rai and so on.

Last but not the least, I take this opportunity to thank each and everyone who is present here to celebrate the Azadi Ka Amrit Mahotsav and also contributing to the nation's economic growth and development in their own way.

Jai Hind

Vande Mataram
