

Meri dus lakh ki gaddi



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India is the tenth largest economy in the world (by nominal GDP) is the second fastest growing economy in the world. But still we have the one third of the world's poorest people. Have we ever think about this fact? What is the reason behind India's poverty despite the steep growth in our economy? Is growth and development both are same? Hope this paper could provide a lucid explanation about India and its' so called development.

Before looking into various stats and graphs of India's performance since its independence, let us learn the basic difference between growth and development in terms of economics. Economic Growth is a narrower concept than economic development. It is an increase in a country's real level of national output which can be caused by an increase in the quality of resources (by education etc.), increase in the quantity of resources ; improvements in technology or in another way an increase in the value of goods and services produced by every sector of the economy.

Economic Growth can be measured by an increase in a country's GDP.

Economic development is a normative concept i. e. it applies in the context of people's sense of morality (right and wrong, good and bad). The definition of economic development given by Michael Todaro is an increase in living standards, improvement in self- esteem needs and freedom from oppression as well as a greater choice. The most accurate method of measuring development is the Human Development Index which takes into account the literacy rates ; life expectancy which affect productivity and could lead to Economic Growth.

It also leads to the creation of more opportunities in the sectors of education, healthcare, employment and the conservation of the environment. It implies an increase in the per capita income of every citizen. From the above explanation you can infer what a country really needs. GROWTH OF INDIA: Before dealing with our problems let us cherish with some of our achievements over the years. The following graph gives therapid GDP growthrate of India since its independence. Since 1951, India has grown as a planned economy.

The first few plans focused on growth with strengthening of the manufacturing sector emphasizing heavy industries to form the backbone of the economy. Other principal areas of planning were agriculture and social development i. e. housing and poverty alleviation. Over the years India saw a changing composition of its economic structure: agriculture which initially comprised of 60% of the GDP now comprises around 26% and services comprise a massive 75% of the GDP growing from 30% in the 50s.

Landmark changes in 1991 were brought about under pressure from IMF and World Bank when India was left with foreign exchanges to barely support two weeks imports. The new era saw massive tariff reductions, FDI cap relaxations and gradual convertibility of the current account followed by the capital account. Theliberalization process started in the early nineties has seen massive growth especially in the services sector. India has consistently grown at more than 6% over the last five years and in terms of sheer GDP