

Swot analysis of indian economy



India is the ninth largest economy in the world in terms of GDP. The Indian Economy due to its peculiar trends has been a subject of interest for the world. After independence, the Indian economy was more like a socialist economy: democratic, large public sectors and heavy regulations on private sectors. Around the 1990s the economy reached a point of stagnation. Then, in 1991, India saw the largest economic reforms pioneered by Dr Manmohan Singh, the then finance minister. These changes improve the rate of economic growth and social development. Economists predict that the Indian economy will be the third largest by 2025, after the USA and China.

Strength:

The strength of the Indian economy lies in its robust nature, which is evident from its constant growth even during times of recession (2008-09). The banking and credit system has been able to survive the downturn due to heavy regulations imposed by the RBI. This brought more transparency to the system. Another important factor that forms the spine of the Indian economy is agriculture, because it employs nearly 50% of the total population. Although agriculture shares only 18.5% of GDP, it makes India self-reliant in terms of food supply. Today, India is a leading producer of a number of agricultural products that give a boost to the export value. The youth of India, which makes a large part of the population is an advantage as it constitutes a huge work force.

Weaknesses:

Primary weakness of the Indian economy is its excessive dependence on agriculture. Since agriculture is monsoon dependent trade, production can

vary by large margins and cause turbulence in the economy. India also lags behind in social development. A large part of the population is still living below the poverty line. Another weakness is the literacy rate. Although we have achieved high progress rates in terms of GDP, more than a third of the population remains illiterate, thus, easily exploitable.

Opportunities:

India has ample opportunities for growth. The agriculture sector and SMEs need to be encouraged and assisted as they have high potential. Indian government should focus on defining and properly implementing the policies for rural development, as most of the population resides in rural India. Also, there is a scope for large-scale infrastructure development and a need to properly carry out the MNREGA, JNNURM and other schemes, so that the benefits penetrate to the lower level of the population. Tourism is a thriving industry in India and we need to harness its potential. It will help raise our foreign reserves and create employment opportunities.

Threats:

Terrorism and corruption are the greatest threats that India faces. It is because both hamper the growth of people and trade, which is a must for overall economic growth. The rising inflation, hoarding and black-marketing, also pose a threat to economic development. Economic growth, mainly the exports, has seen a downward trend due to the worldwide economic downturn and has become a cause of concern. The Indian government needs to redefine its policies and bring more stringent reforms to steer out of this turbulence.