

# Indian economy: adopting new approach essay



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After independency. India chartered a way of economic development based on assorted economic system. constructing a new industrial construction around the populace sector and a closely monitored. regulated and controlled system where authorities played the function of licenser in the procedure of edifice industry. There were few hiccoughs in between. In the late seventies Mrs. Indira Gandhi brought in little doses of liberalisation.

In the mid 80? s Rajiv Gandhi did similarly but the existent alteration came in 1991 when economic crises were looming big on the skyline. India's economic system could be termed as a developing economic system which is characterized by the coexistence. in greater or lesser grade. of utilised or unutilized work force on the one manus and of undeveloped and exploited natural resources on the other.

A developing economic system bears the common characteristics of technological retardation at low per capita income coupled by widespread poorness. heavy population force per unit area. low grade productiveness. high unemployment. low degree use of country's natural resources. stiff societal construction. predomination of old beliefs. deficiency of chance for capital formation. pre-dominance of agribusiness and bare engagement in international trade etc. But all this is amidst a possibility of economic development. little pockets of high rates of economic growing and richness.

It is gain stating truth what the universe economic system has experienced that colonisation straight lead to the development of the colonised state by the colonial swayers. Colonization is besides a factor for the underdevelopment of a country's economic system. India was a victim of the

colonial characteristic of economic development for more than hundred old ages. The British colonial development in India can be loosely divided in three periods. They are ( 1 ) the period of merchandised capital. ( two ) the period of industrial capital which leads to the drain of Indian wealth for the involvement of British industry and ( three ) the period of fiscal capital.

During British period foreign capital flowed into India. However in existent footings those capitals were non harmonizing to the proper demands of Indians and straight helped the capital growing of Britishers. The overall impact of British regulation in Indian economic system can be summed up as stagnancy of per capita income of all time a long period of clip. high precedence to the traditional method of agricultural activities. repeated dearths and acute poorness of handcrafts and traditional small town industries faulty land keeping and erroneous implemen tation of zamindari patterns etc.

The basic purpose of British disposal in India was to transform Indian subcontinent as a consumer market for British furnished goods.

Technological up step and development of substructure every bit good as societal substructure were negligible. During the independency Indian economic system had about all the characteristics of an developing economic system. In the last 50 old ages of self-government. a batch of policy enterprise has been taken up by the authorities of India to upgrade the economic base of the state.

Still Indian economic system is gripped by poorness. population detonation. backwardness both in agribusiness and industry. low grade technological

development. high unemployment and broad difference between the high and low income degrees. Now in India incidence of poorness is coexisting with sophisticated atomic engineering. The policy measures taken within the last five decennaries metamorphosed Indian economic system to interrupt the dead per capita income to accomplish ego sufficiency in nutrient grain production. Indian economic system is a alone blend of public and private sector otherwise known as a assorted economic system.

It is besides a Manichaeian economic system both modern industry and traditional agricultural activities exist side by side. The compulsory economic rights which the Fundamental law promises are ( one ) equality of chance unemployment or assignment to any office irrespective of race. caste and sex. ( two ) all the citizens of India shall hold belongings or carry on any business. trade or concern. ( three ) right to get private belongings by the province with compensation paid under the process established by jurisprudence. four ) prohibition on imploring. child labour and trafficking of human existences.

The federal economic construction of India includes the cardinal authorities and the province authorities within a unitary system. Limits of duties are divided between the cardinal and province authorities. However. the residuary power is vested with the cardinal authorities. Besides finance committee. other economic committees are set up by the cardinal authorities clip to clip to look after the para of resources distribution among the provinces.

Annual budgets ( both general and railroad ) and five twelvemonth programs aye the anchor of India's economic policy enterprises. Indian Economy since Independence-After India's independency long enchantment of stagnancy was broken with the debut of economic planning. Since 1950s net national merchandise at factor cost had arisen from Rs. 40. 454 crore to 11. 224 crores in 1999-2000. The growing of national income was 3. 8 per centum. India's per capita income has been running since 1950-51. India's per capita income at current monetary value was Rs. 160. 47.

Apart from the growing in quantitative footings. there have been important alterations in India's economic construction since independency. During the 2nd program precedence was acceded to capital intensive fabricating units. These industries now account for more than 50 per centum of the industrialproduction. The conveyance system in India over the past four decennaries has grown both in footings of capacity and modernisation. Then route web is one of the largest in the universe as a consequence of dramatic development of roads under assorted lanes.

The entire route length consisting national high ways province high ways and other route accounted for 24. 66 lakhs kilometer in 1996-97 advancement of transporting. railroads and civil air power has every bit been impressive. Though the state is soon confronting an energy crisis but this sector has besides gained much in terms of production. Similarly irrigation installations in the state have increased raising irrigated country. Since independency important reformation has taken topographic point in the banking and fiscal sector of India.

The procedure of nationalisation was initiated after independency. First the Reserve Bank was nationalized in 1949. thenceforth in 1995 the Imperial Bank of India, a taking commercial bank of that clip, was nationalized and renamed the State Bank of India. In 1969 14 large commercial Bankss were nationalized. This act of authorities undermined thecontrol of large capitalists on the finance capital. From the above statement we can reason that the Indian economic system is no longer caught in low levelequilibrium trap.