



## THE EMERGING ISSUES OF INDIAN ECONOMY

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After Independence, India embarked on planned development with the objective of achieving a self-reliant socialistic pattern of society. The measures taken towards the same were initiation of a centralized planning machinery for economic planning and public investment decision making expansion of public investment in basic and key industries and intervention in the market through a number of regulatory measures and controls. The policy framework was a mixed economy with the coexistence of public and private sectors with a dominance of public sector in many key areas. The policy of approach was that of excessive intervention in the market mechanism to control and regulate to domestic economy and external sector.

### Agriculture:

A basic problem in agriculture has been low and declining growth rate in recent years

The share of agriculture has been consistently coming down. However, a noticeable fall happened after 1991.

### Share of Agriculture in India

Years	Share in GDP	Population depending on agriculture (%)	Share in Export	Average growth rate
1951	59.2	69.5	15.8	3.2
1961	57.8	67.8	15.9	2.4
1971	52.3	66.2	15.2	3.2
1981	44.2	64.7	14.3	3.7
1991	34.9	63.4	16.7	3.1
2001	26.6	60.0	12.7	2.9
2009	17.8	59.2	16.2	2.5

Source: Compiled from Economic survey

The share of agriculture in the GDP of India in 1951, 59.2 percent By 1990, the share of agriculture in the GDP of India down to 34.9 percent this further reduced to just 17.8 percent in 2009. At the same time, the percentage of population depending on agriculture continued to be at a higher level. In 1951, 69.5 percent of population depended on agriculture, which continued only with marginal variations in the later years. According to the latest statistics, still 59.2 percent of the population depends on agriculture. It is seen that the average growth rate of agriculture has been decline from 3.2 percent to 2.5 percent during the period of 1951 to 2009.

### Poverty:

Poverty still remains the basic socio-economic problem of the Indian economy. According to the latest estimates more than one-fourth of the population lives below the poverty line.

### Poverty ratio in India (%)

Year	1973-74	1977-78	1987-88	1993-94	1999-2000	2004-05
Rural	56.44	53.07	39.06	37.27	27.09	28.30
Urban	49.23	47.40	40.12	32.36	23.62	25.70
Total	54.93	51.81	39.34	35.97	26.10	27.50

Source: Planning commission Report 1993 and 2008.

The data on poverty suggest that, India remained as a very poor country where majority of the people were poor. The table shows that there had been a steady decline in the poverty ratio in rural and urban areas during

