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Topper's Notes

JAIIB Exam

Indian Economic Architecture

Handwritten Notes

Based on JAIIB 2023 Syllabus and Exam Pattern

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Quick Revision

Indian Economic Architecture.

- After independence, India has been a mixed economy (combination of capitalist & communist economy).
- Indian economy is basically based in the service sector. (almost contribution of 60% of GDP)
- About 53%. of Indian population is depedent on the agriculture.

* Features of Indian Economy.

i.) Low per capita income.

In India, the national income and per capita income is very Low. and is considered one of the basic features of underdevelopment.
As per World Bank estimates, the per capita income of India stood at only $ 720 in 2005.

In 2020-21, India reached $ 1947.417 which is lower than Bangladesh.

ii) Heavy population pressure.

India is second largest populated country after China

· India's population is more than 121 crores.
· The current population of Indian by UN → 1.39 billion in 2021

iii.) Dependence of population on agriculture
· In 2011, nearly 58% of the total working population was engaged in agriculture and allied activities, contributing about 21.80% of the total national income

iv.) Existence of chronic unemployment and underemployment.
· In India, unemployment is structural one unlike in developed countries, which is of cyclical type.
· Indian industries are getting adequate amt of capital for its expansion so that it can absorb the labour force in it.
· There is disguised unemployment in Indian agricultural sector.

v.) Poor rate of capital formation
· Capital Deficiency is one of characteristic features of Indian Economy.
· The indicators of low capital per head ass consumption of crude steel and energy.

- Low level of capital formation in India due to weakness of the inducement to invest and also because of low propensity and capacity to save.

vi.) Inequality in the distribution of wealth:

- The richest 10% Indians owned 80% of wealth in year 2019.
- The Gini coefficient points in 2014 was 34.4%.
- High degree of assets concentration in the hands of very powerful business houses in the country.

vii.) Low level of technology:

- Obsolete techniques of production are largely being applied in both the agricultural and industrial sectors of our country.
- It is difficult to adopt modern technology in Indian productive system with its untrained and unskilled labour.
- Due to this, productivity is low.

viii.) Under-utilisation of natural resources.

Due to various inherent problems like inaccessible region, primitive techniques shortage of capital and small extent of the market huge resources remained largely under utilised.

ix.) Lack of infrastructure :

- Lack of infrastructural facilities include transportation, communication facilities, electricity generation and distribution banking and credit facilities, health and educational inst, etc.
- Due to absence of proper infrastructural facilities, development potential of different regions of the country largely still remains under-utilised.

x.) Low standard of living

- Nearly 25 to 40% of population suffers from malnutrition.
- The average protein content in the Indian diet is about 49 grams only per day.
- The present calorie level in India is barely above the minimum required level which is estimated at 2100 calories

xi.) Poor quality of human capital

As per 2001 census, 65.3% of the total population of India is literate and rest 34.7% remains illiterate.
In developed countries like USA, UK, Canada, Australia - the level of illiteracy

is below 37.

* Structural features of Indian Economy.

Primary Economy → entirely dependent on natural resources like farming, fishing, agriculture, etc.

Secondary Economy → in this dependent on natural ingredients which are used to create the services and products offered and at the end used for consumption.

Eg. Cotton mill, Rice mill, etc.

Tertiary Economy → This sector contributes the largest in terms of share in GDP in India.

Examples - Transportation & Finance.

* Government Initiatives in Service Sectors.

1) FDI limit for insurance companies raised from 49% to 74% and 100% for insurance intermediaries.

2) In march 2021, central Govt infused Rs 14,500 capital in Central Bank of India, Indian Overseas Bank, Bank of India and Uco Bank th' non-interest bearing bonds.

3) Govt alloted Rs 7000 Cr. to the Bharat Net Programme to boost digital connectivity across India.

4) National Broadband Mission with an aim to provide Broadband access to all villages by 2022.

5) PMKVY 3.0 aims to train eight lakh candidates and will focus on new-age COVID related skills

* India as Developing Economy.

1) Rise in Net National Product.

NNP is GNP, the total value of finished goods and services produced by country's citizens overseas and domestically minus depreciation.

2) Rise in per capita income.

3) Sectoral Distribution of GDP

· GVA at current prices for the services sector is estimated at 96.54 lakh cr in 2020-21

· At 2011-12 prices, the agriculture and allied, industry & services sector's composition is 16.38%, 29.34%, 54.27%.

4) Change in the structure of employment

- 7.32% of the labour force, in the year 1999-2000 was unemployed. In absolute terms the number of unemployed stood at 26.58 million.

- In Feb 2021, India's unemployment rate was 6.9% down from 7.8% in Feb 2020.

5.) Expansion of physical and social infrastructure.

- In order to improve the economic growth and quality of life, development of social infrastructure such as education, skill development and health is considered essential