

The Economic Journey of India

Cricketers:

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19th September,

Economic History **before** Colonisation

(Prior to 1757)

- *Isolated* from world
- Industrialisation & Technology - **No influence**
- Major population - Rural (Urban - only 10%)
- Agriculture - Main occupation, **Dominated** Indian Economy
- Result: GDP - **Very Low**

What British did to Indian economy

Being a British colony 'modernised' the Indian economy for sure, but the bill we paid was very hefty!

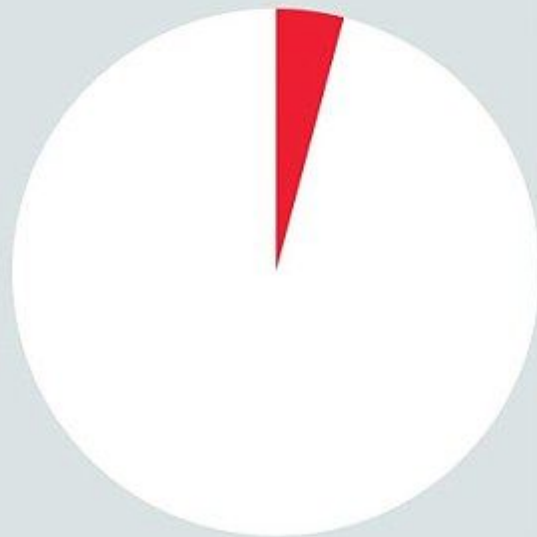
India's
share in
global GDP
when the
British
arrived

23%



India's
share in
global
GDP when
the British
left

4%



Economic History **during** Colonisation

(1757 to 1947)

- Rest World - *catching* with Industrialisation
- Industrialisation - **Very low contribution** to economy
- Dependent on Agriculture - *still* Dominated
- British policies - *forced to grow* - specific crops
- Good crops/Equipment - not developed/used
- India - **Importer** of finished goods
Exporter of raw materials
- **Railways** - boosted economy

Indian Economy and Colonization

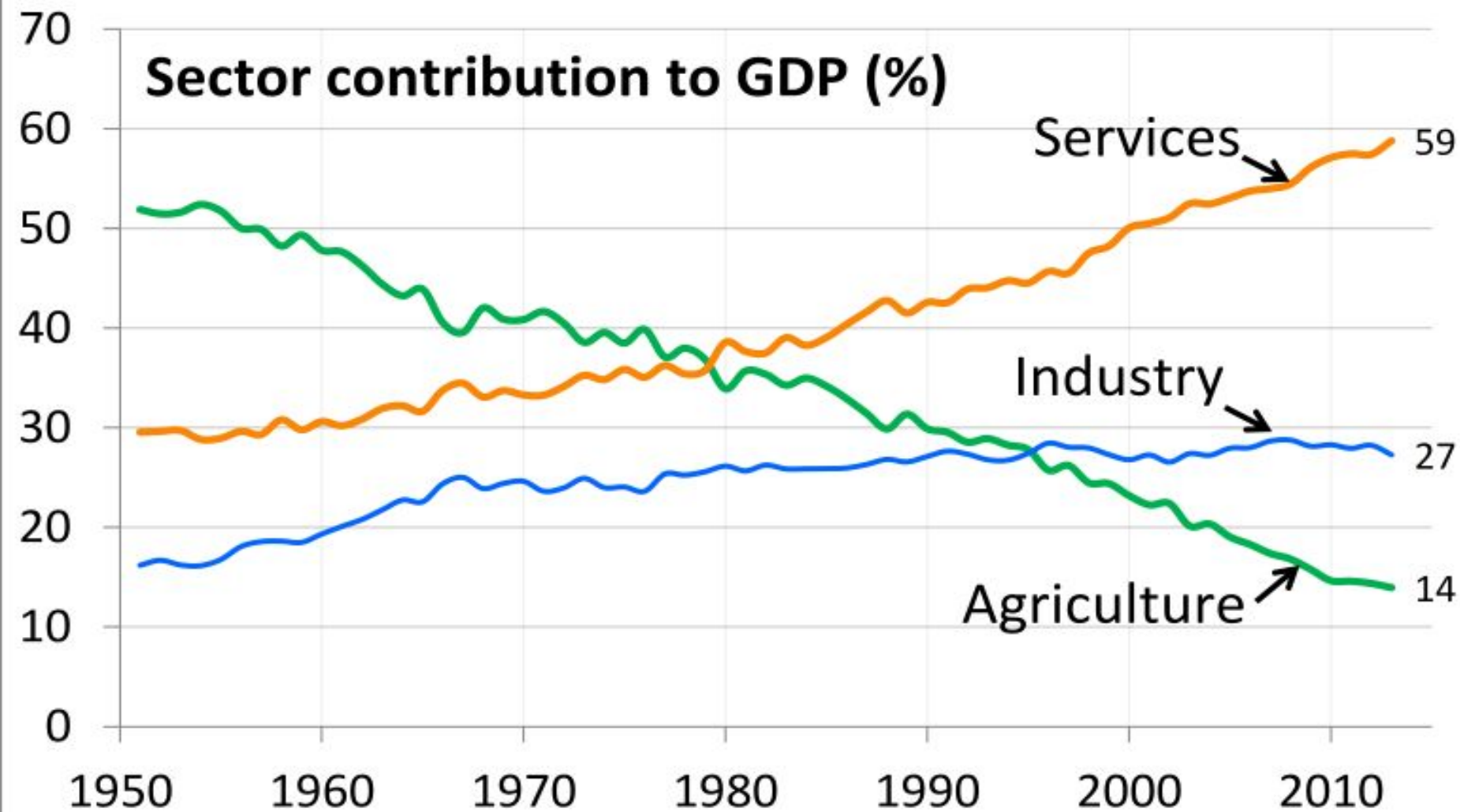
- *“What had once been one of the richest and most industrialised economies of the world, which together with China accounted for almost 75% of world industrial output in 1750, had been reduced by the depredations of imperial rule to one of the poorest, most backward, illiterate and diseased societies on Earth by the time of independence in 1947.” - Shashi Tharoor*
- Colonial India: Malthusian Growth
- GDP Per Capita - \$522 (155m) (1870) —> \$618 (355m) (1947)

Economic History **after** Colonisation

(1947 to 2019)

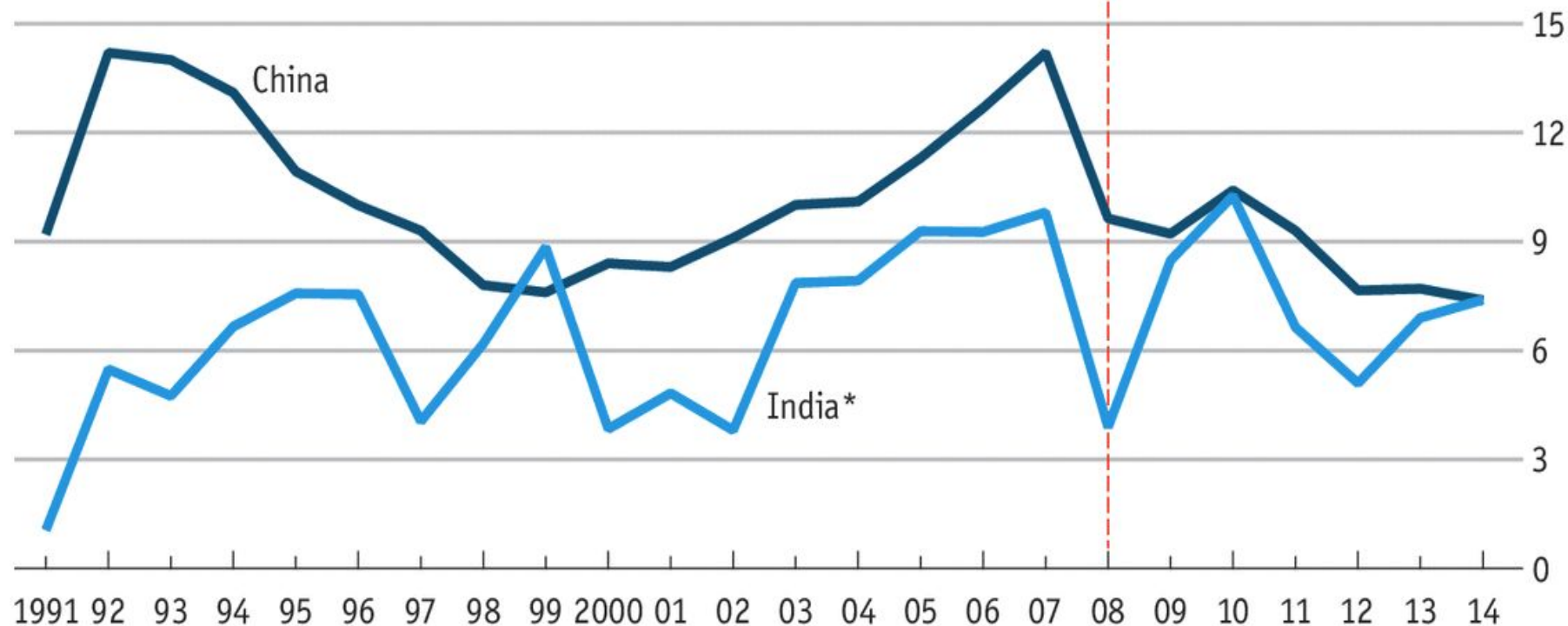
- Economic Reforms - supported economic development.
- Agriculture & Industrialisation - **Grew**
- Green Revolution (1965 onwards)
 - HYV seeds, efficient irrigation, better use of fertilisers
 - *Yield/hectare* ↑
- White revolution
 - *Milk deficient nation* --> **World's Largest Milk Producer.**
 - *Dairy* - **Largest** self-sustainable *rural employment* generator.
- Recent Reform - Demonetization & GST

Sector contribution to GDP (%)



Worth trumpeting about

GDP, % increase on a year earlier

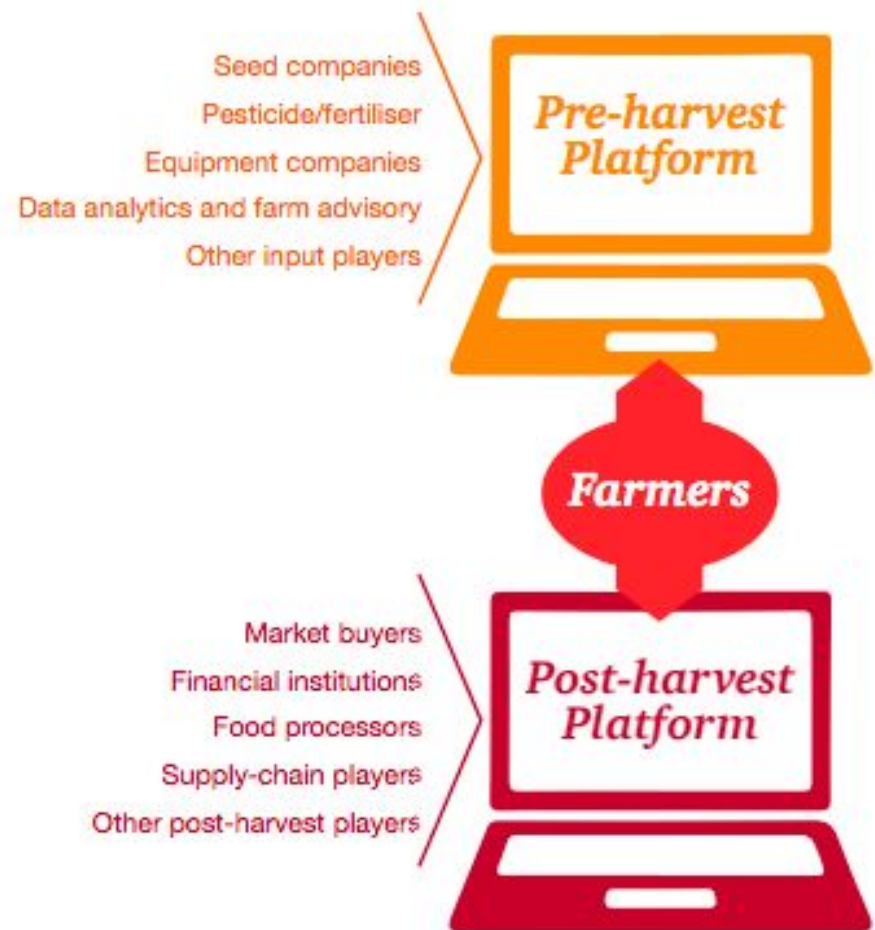
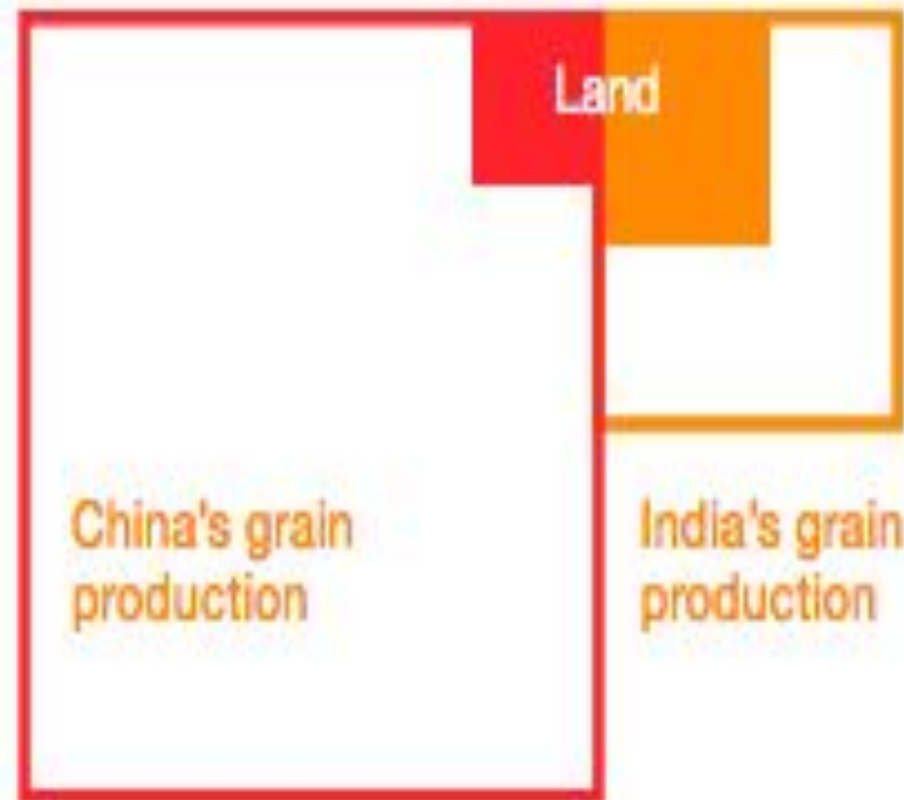


Sources: IMF; national sources

*Fiscal years ending March, 2011-12 base year from 2012 onwards

Role of NR in Indian Economy

- Large Landmass - 7th largest (land area)
- Farmland - 2nd largest area (arable land)
- Water - Hydroelectricity generates 13.17% of total electricity
- Minerals and deposits -
 - Largest producer (mica sheet)
 - 4th largest producer (Iron ore, chromite, bauxite)
 - Provides job to 700,000 people
 - 2.2 - 2.5 % contribution to India's GDP



- CoastLine - 7516 km coastline, 20% coastal population.
- Coal and Oil - Fifth largest *coal reserves*
 - India imports 82% of its oil needs
 - Higher crude prices - adverse fiscal deficit
 - Impacts consumption and investment in economy
- Focus: Electricity production - renewable resources
(to reduce India's carbon footprint)
- Electricity generation by Renewable resource
 - India - 3rd largest producer of solar electricity in the world.

Role of HR in Indian Economy

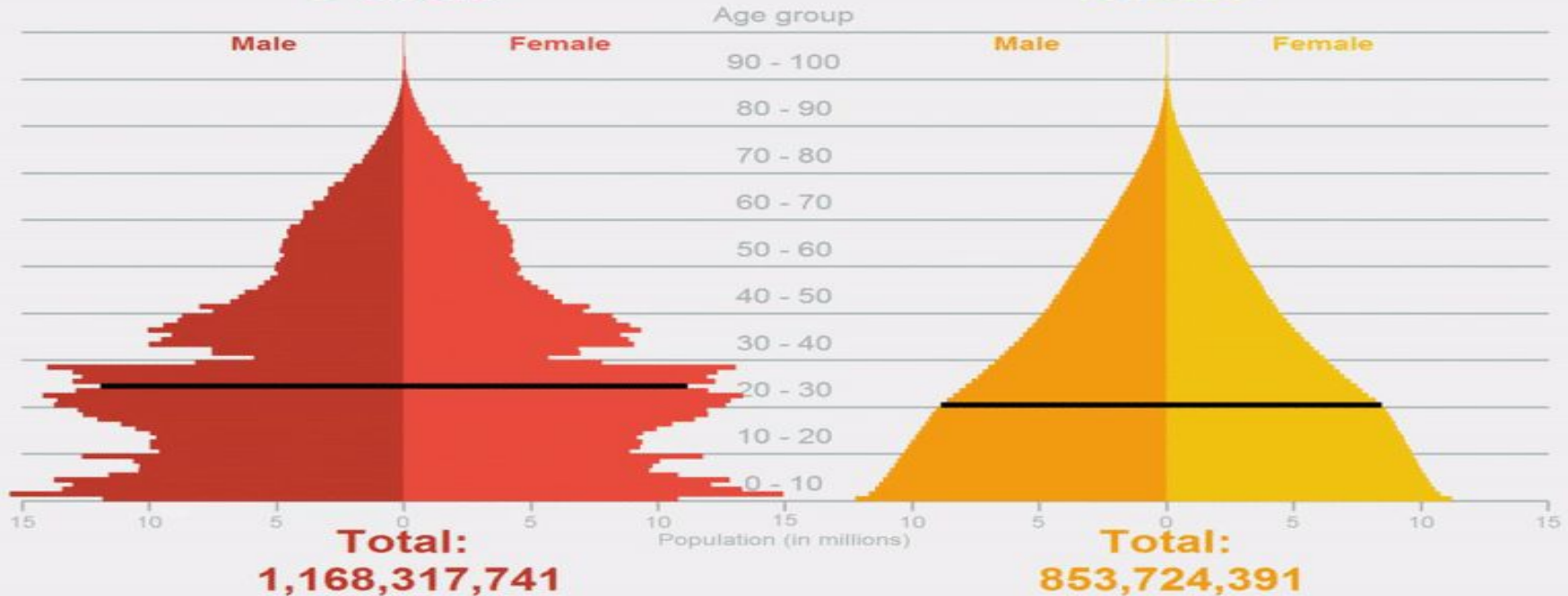
- India - 2nd highest population (1.37b)
- India - missed Industrialisation phase
- “Half of India’s working age population isn’t contributing to any economic activity” - NSSO
- Unskilled & semi-skilled workforce - 90% of population.
- Formal training - India - < 5% workers
 - G-7 - 60% workers

Changing Population Demographics in Asia

Population projection 1991

China

India



■ Median age

Data source: US Census Bureau IDB
Visualization by @aronstrandberg

Role of TR in Indian Economy

- India - **Late** with IR Ver. 1.0, 2.0, 3.0
- But **Leading** in world - with IR Ver. 4.0
- Agriculture - High scope of Technology
(like optimal flow technology in US)
- **IT sector's** contribution to GDP:
 - **1.2%** (1998) --> **7.7%** (2017)
- Digital and Technology industry - a huge force multiplier in GDP
 - **\$2.5b** (late '90s) --> **\$110.0b** (today).
 - Created **50%** of all organized jobs (in past 5 years)

5 Troubling issues in Current Indian Economy

Poor LAW ENFORCEMENT and costly JUDICIAL PROCESS, which politicians have no incentive to reform, as the powerful benefit the most in a corrupt system, so the cronyism continues



High struggle for everything means incentive for **CORRUPTION**

Taxes poorer people more,
Goes unpunished because



STRUCTURAL FLAWS in the economy continue

Dependence on low value add agriculture

Technology deficiency

Absence of quality focus



Can't move out because **QUALITY EDUCATION AND SKILLS** missing



Poor have more children (low survival rate, more hands to earn, no social security) leads to **HIGH POPULATION**
Means a high struggle for everyone and everything



Healthcare

Raising life expectancy



Manufacturing

Increasing value-added manufacturing



Education

Keeping children in school



Retail

Increasing the market share of organised retail



Agriculture

Improving productivity



Power

More and better power to more people



Financial services

Providing banking to more people



Urbanisation

Modernising urban areas



Digital connectivity

Broadening the network



Physical connectivity

Reduce logistics cost

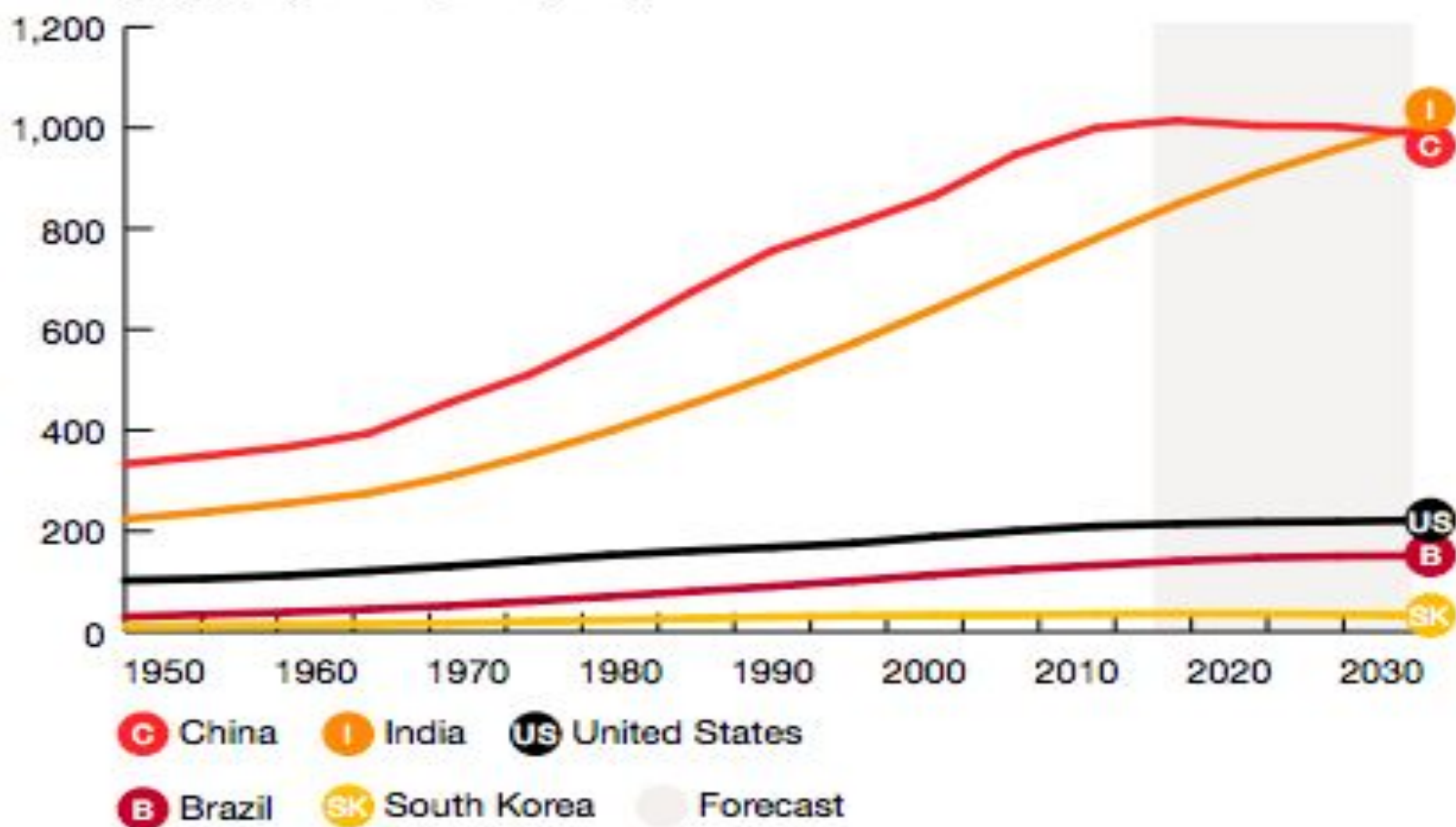


Journey towards **Future** of Indian Economy

- Role of NR-HR-TR for India ~ China
 - **Always had** HR - *Largest working-age* population
 - NR - present, but **not exploited**
 - **Hasn't used** TR
- India - to show potential by effective utilisation
- Expected to develop like China - with IR 4.0
- **2nd largest** economy by 2030.
- By 2050 - will remain *2nd-largest* GDP by PPP (\$85.97t)

- Labour force - 160-170m by 2020.
- Manufacturing & service - 100m new jobs by 2030.
- Expected GDP - US\$ 6 trillion by FY27
- Renewable Resources - 40% of its energy by 2030.
- By 2035, 5 largest cities
 - economies ~ middle income countries today
- Poverty is expected to disappear by 2050

Working-age population (15-64 years)



Source: United Nations Development Programme

Average years of schooling

The issue

Average years in school: **7**
Increasing drop-out rates at higher levels of education affecting employability.

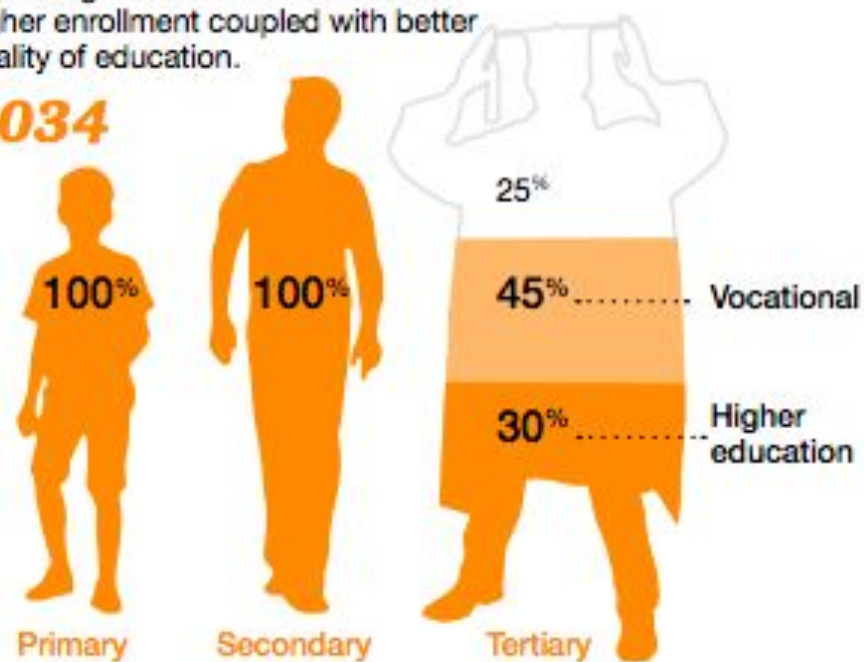
2014



Desired outcome

Average years in school: **10**
Improving access to education with higher enrollment coupled with better quality of education.

2034



Key Takeaways

- Emerging economy in the world
- Pre-colonial & Colonial - Agriculture (*dominated* economy)
 - Industrialisation (*undeveloped*)
- IR 1.0, 2.0, 3.0 *missed* but leading in IR 4.0
- India expected to move like China (with IR 4.0)
 - Always had HR
 - Had NR, but unexploited
 - TR unused
- ↑ *dependency* on renewable resources

References

Sites to Visit:

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- <http://thealps.co.in/the-role-of-hr-in-making-india-an-economic-super-power/>
- <https://indiaeconomics.weebly.com/natural-resources-used.html>

Dedication

This Presentation is dedicated to,
Father of Modern Indian **Economic Reforms**



Thank You

