

## OUTLINE OF INDIAN ECONOMY

The economy of India is the 5th largest in the world by nominal GDP and 3rd largest by Purchasing Power Parity (PPP)

### Nature of the Indian Economy

- i. **Mixed Economy** Existence of both public and private sectors. This term was coined by Pat Mullins and Supported by JM Keynes.
- ii. **Agrarian Economy** Even after six-decades of independence 58% of the workforce of India is still agriculturist and its contribution to GDP is around 17% at current prices.

### Features

Following are the features of the Indian economy

- (i) Slow growth of national and per capita income.
- (ii) Capital deficiency and low rate of capital formation, hence low rate of investment, low production, etc; poor quality of human capital.
- (iii) Over- dependence on agriculture along with low productivity in agriculture; heavy population pressure.
- (iv) Unequal distribution of income and wealth.
- (v) Mass poverty, chronic inflation and chronic unemployment.

### Broad Sectors of Indian Economy

**Primary Sector** Agriculture, forestry and fishing, mining etc.

**Secondary Sector** manufacturing, electricity, gas and water supply and construction.

**Tertiary Sector** (also called service sector) business, transport, telecomm- unication, banking, insurance, real estate, community and personnel services.

### Economic Planning in India

**Planning Commission** (1950) was set-up under the Chairmanship of Pandit Jawaharlal Nehru (Gulzarilal Nanda was the first Deputy Chairman). Basic aim of Economic Planning is to bring rapid economic growth through agriculture, industry, power and all other sectors of the economy.

**De Facto IAS**  
GS Notes for Judiciary

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### **NITI Aayog**

NITI Aayog or National Institution for Transforming India Aayog came into existence on 1st January, 2015; a policy-making think-tank of the government that replaces the Planning Commission and aims to involve states in economic policy making. It will provide strategic and technical advice to the Central and the State Governments. The Prime Minister heads the Aayog as its chairperson. Rajiv Kumar is the Vice-Chairperson of NITI Aayog of India.