



“Education for Knowledge, Science & Culture”

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**Department of Economics**

Topic: **Poverty In India**

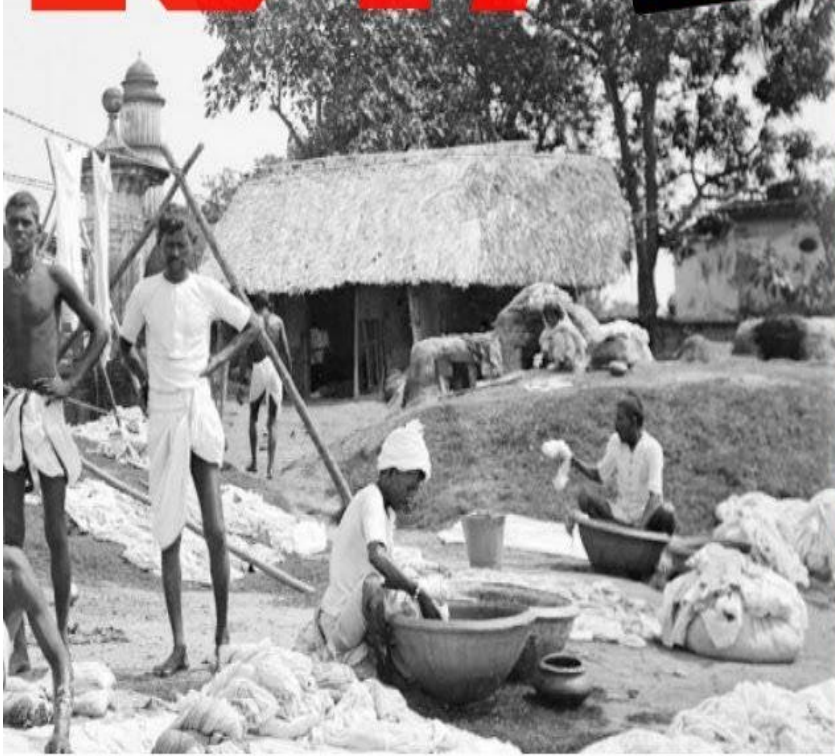
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**1947**



**2017**



**HAS INDIA REALLY CHANGED?**







PSM00261IND





# *Characteristics of the Indian Economy*

- 1. Low per capita income**
- 2. Excessive dependence of agriculture and primary producing**
- 3. High rate of population growth**
- 4. Existence of chronic unemployment and under-employment**
- 5. Poor rate of capital formation**
- 6. Inequality in the distribution of wealth**



**7. Low level of technology**

**8. Under-utilisation of natural resources**

**9. Lack of infrastructure**

**10. Low level of living**

**11. Poor quality of human capital**

**12. Demographic characteristics**

**13. Inadequate development of economic  
organisation**

# 1. Low per capita income

- वार्षिक दरडोई उत्पन्न हे एखाद्या विशिष्ट क्षेत्रात ( देश, प्रदेश, राज्य) राहण्याच्या प्रति व्यक्तीचे वार्षिक सरासरी उत्पादनाचे मोजमाप करते. हे मोजमाप त्या क्षेत्राचे एकूण उत्पन्न व एकूण लोकसंख्या यांचा भागाकर करून काढले जाते
- $PCI = GDP/Total\ Population$

**India's per capita GDP = \$1,876.53**  
**in 2020, (Rank 142) Rs. 1,38,187**

- lower than \$1,887.97 for Bangladesh.
- **Luxembourg= \$ 109,602**
- **America= \$ 63051**
- **United Kingdom = \$ 39229**

## **2. Excessive dependence of agriculture and primary producing**

## *Economy of India*

It is conventionally measured as the percent rate of increase in real gross domestic product

- **GDP** growth

1961-3.5%, 1991- 1.1% 6.8%

(FY **2019**),

# GDP per capita

GDP is divided by the population of a country to calculate real GDP per capita.

\$2,199 (nominal; **2019** est.)

- **GDP per capita** rank 142nd (nominal; 2018) 119th (PPP; 2018)

# Excessive dependence of agriculture and primary producing

- India economic survey 2018

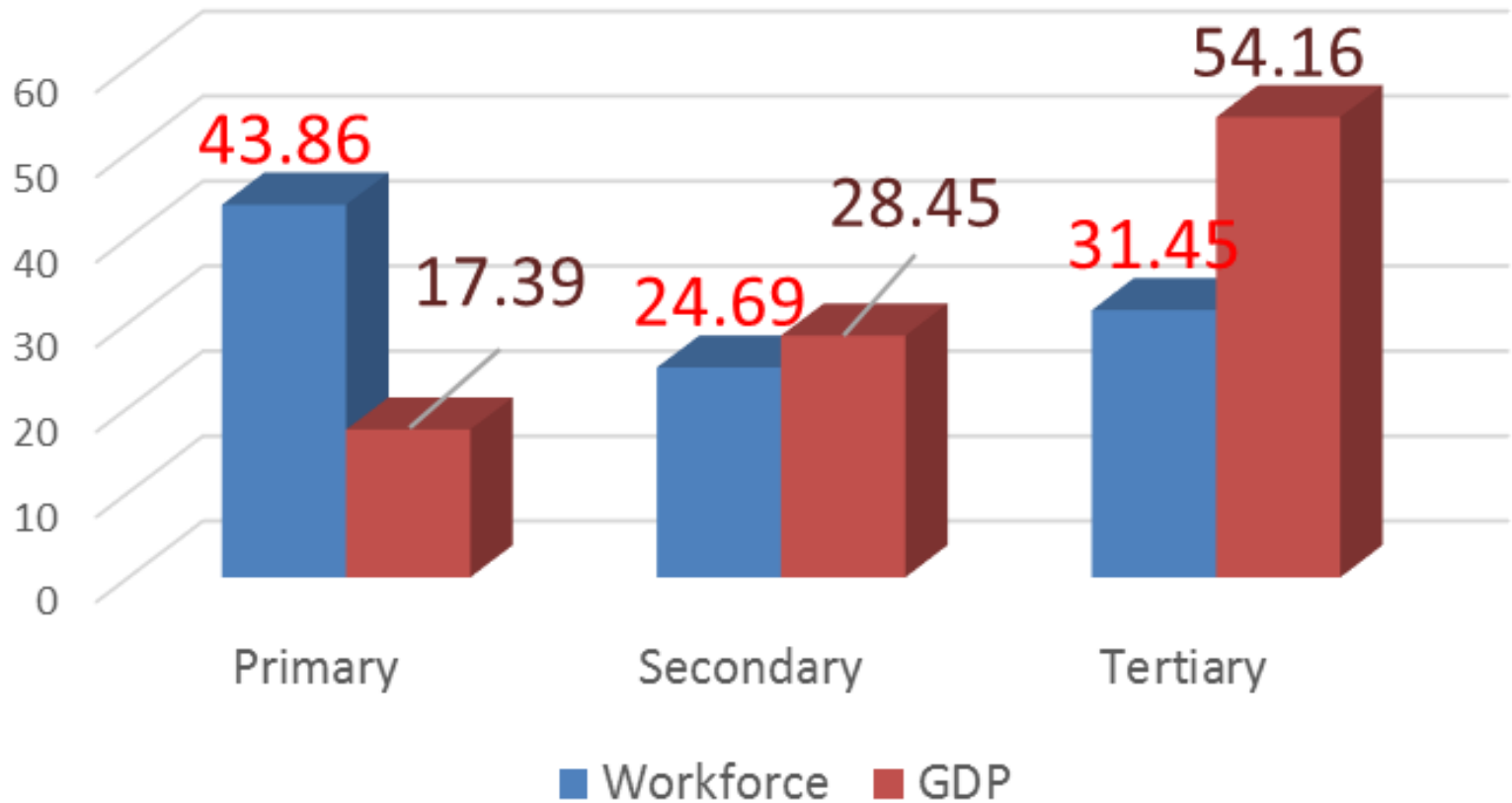
Chief Economic Advisor **Arvind Subramanian** said ,”At present, Indian farmers are adapting farm mechanization at a faster rate in comparison to recent past.”

<https://www.statista.com/statistics/271320/distribution-of-the-workforce-across-economic-sectors-in-india/>

<b>Sector</b>	<b>Workforce</b>	<b>GDP</b>
Primary	43.86	17.39
Secondary	24.69	28.45
Tertiary	31.45	54.16



Chart Title



# High rate of population growth <135

Census year	Total population (in million)	Decadal growth
1901	238.4	-
1911	252.1	5.8
1921	251.3	(0.3)
1931	279.0	11
1941	318.7	14.2
1951	361.1	13.3
1961	439.2	21.6
1971	548.2	24.8
1981	683.3	24.7
1991	846.4	23.9
2001	1028.7	21.5
2011	1210.2	17.6

# Existence of chronic unemployment and under-employment

## Job Count

INDIA'S UNEMPLOYMENT STOOD AT **6.1%** IN 2017-18

Rural **5.3%**

Urban **7.8%**

**Includes**  
period after  
demonetisation

**Govt** says new  
methodology  
followed

**Data** not comparable with  
earlier surveys



**Unemployment rate at  
45-year high if compared**

# Poor rate of capital formation

- **Capital formation** is a term used to describe the net **capital accumulation** during an accounting period for a particular country.

Rate of Capital Formation (or Rate of Investment)

$$= \frac{\text{Gross Capital Formation during a year}}{\text{Gross Domestic Product}} \times 100$$

## Gross Fixed Capital Formation (GFCF),

- at current prices is estimated at **Rs 55.58 lakh crore in 2018-19** as against Rs 47.79 lakh crore in 2017-18.
- At Constant (2011-12) Prices, the GFCF is estimated at **Rs 45.86 lakh crore in 2018-19** as against Rs 40.88 lakh crore in 2017-18.
- In terms of GDP, the rates of the GFCF at Current and Constant (2011-12) prices during 2018-19 are estimated at **29.5% and 32.9%, respectively,**

# Inequality in the distribution of wealth

*The report of the Reserve Bank of India reveals that*

- nearly **20 per cent** of the households owing less than Rs 1000 worth of assets possess **only 0.7 per cent** of the total assets.
- Moreover, **51 per cent of the households** owing less than Rs 5000 worth of assets possessed barely **8 per cent** of the total assets.
- Lastly, the *top four per cent households* possessing assets worth more than Rs 50,000 held more than *31 per cent* of the total assets.

## 7. Low level of technology

- suffering from technological backwardness.
- Obsolete techniques of production are largely being applied in both the agricultural and industrial sectors of our country.
- Expensive
- untrained, illiterate and unskilled labour.
- Inefficient and insufficient production leading towards general poverty in our economy.

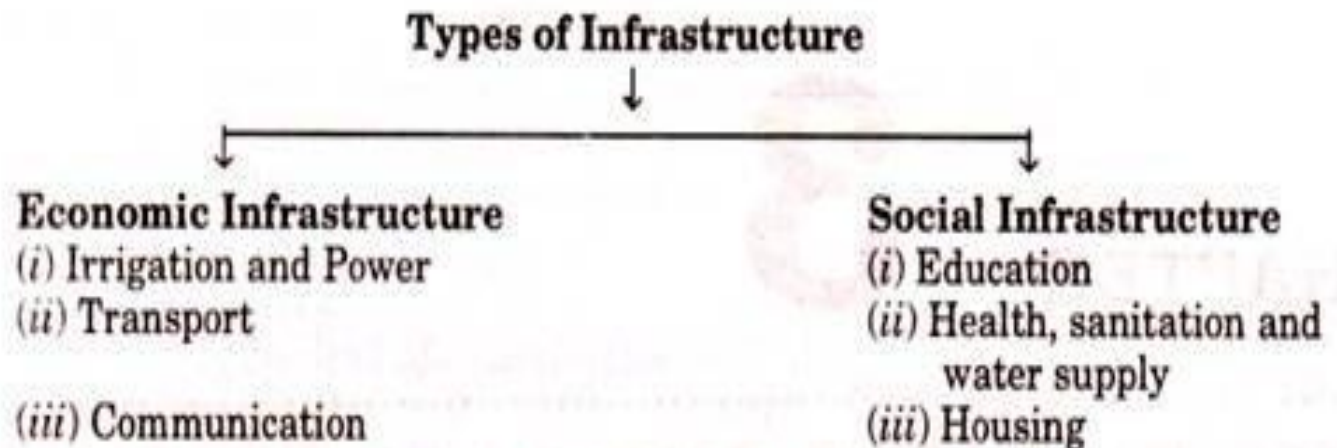
## 8. Under-utilisation of natural resources

- In respect of natural endowments India is considered as a very rich country. Various types of natural resources, viz., land, water, minerals, forest and power resources are available in sufficient quantity in the various parts of the country



## 9. Lack of infrastructure

- transportation and communication facilities, electricity generation and distribution, banking and credit facilities, economic organisation, health and educational institutes etc.



## 10. Low level of living

- The standard of living of Indian people in general is considered as very low.
- Nearly 25 to 40 per cent of the population in India suffers from malnutrition.
- The average protein content in the Indian diet is about 49 grams only per day in comparison to that of more than double the level in the developed countries of the world.

# 11. Poor quality of human capital

- World Bank's Human Capital Index (HCI)
- The rankings are based on health, education and sustainability of development.
- It assesses the future productivity and earnings potential of citizens of 157 members of the World Bank.
- **India**, the fastest growing country in the world, has 115<sup>th</sup> ranking out of 157 countries. This ranking is lower than that of Nepal, Sri Lanka, Myanmar and Bangladesh.

## 12. Demographic characteristics

- proportion of the population in working age group of 15-60 years and a comparatively **larger proportion of population in the minor age group of 0-15 years,**
- As per 2011 census, the density of population in India was 382 per sq km. as compared with world density of population of 41 per sq km.

## **13. Inadequate development of economic organisation**

- Poor economic organisation is another important characteristic of the Indian economy. For attaining economic development at a satisfactory rate certain institutions are very much essential.