



“Education for Knowledge, Science & Culture”

-Shikshanmaharshi Dr. Bapuji Salunkhe

Shri Swami Vivekanand Shikshan Sanstha's

VIVEKANAND COLLEGE, KOLHAPUR (*AUTONOMOUS*)

Department of Economics

Topic: **Structural Changes-1991 and
Inclusive Growth**

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STRUCTURAL
CHANGES

IN

INDIAN ECONOMY

SINCE 1991

Crises in the Indian Economy

- Balance of payments (BOP) crisis in 1957- 58 :- much higher rates of investment and that needed much greater imports of capital goods.
- mid-sixties (1965) because of a severe drought that resulted in very poor harvests
- 1973-74, 79-80 and 1990-91: Oil Price Rise, (Gulf War)

- the situation became so serious that the Indian foreign exchange reserves could barely finance three weeks' worth of imports while the government came close to defaulting on its financial obligations.
- The World Bank and IMF also stopped their assistance,
- The crisis led to the liberalisation of the Indian economy,
- **LPG**

- The growth dynamics altered the structure of the Indian economy with a decline in the **share of agriculture from 28.4 per cent in the 1990s to about 15 per cent in 2009-11**. There was corresponding gain in the share of **services, including construction, from 52 per cent to 65 per cent during the same period**. What is, however, of concern is that the share of **industry has remained unchanged at around 20 per cent of GDP**. This suggests that India's growth acceleration during the last two decades has been dominated by the services sector. The pace of average annual industrial growth had nevertheless picked up from 5.7 per cent during the 1990s to 9 per cent during 2004-08 before being interrupted by the global financial crisis.

1.3 Indian Economy and Inclusive Growth

- UNDP has defined inclusive growth as “the process and the outcome where all groups of people have participated in growth and have benefited equitably
- “growth that has a high elasticity of poverty reduction”

- **Inclusive growth** is a concept that advances *equitable opportunities for economic participants* during economic **growth** with benefits incurred by every section of society.
- The definition of **inclusive growth** implies direct links between the macroeconomic and microeconomic determinants of the economy and economic **growth**.

- **Inclusive growth** means economic **growth** that *creates employment opportunities* and *helps in reducing poverty*. It means having access to essential services in health and education by the poor. It includes providing *equality of opportunity*, *empowering people* through *education and skill development*.

