

Economy of India and Major Economies of the World

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Introduction:-

The economy of India is characterized as a developing market economy. It is the world’s fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). According to the IMF on a per capita income basis, India ranked 142<sup>nd</sup> by GDP (nominal) and 119<sup>th</sup> by GDP (PPP) per capita in 2018. Since the start of the 21<sup>st</sup> Century, annual average GDP growth has been 6% to 7% , and from 2014 to 2018, India was the world’s fastest growing major economy, surpassing China. The Indian economy compare with the largest economies in the world for the sake of the comparison focus on the per-capita income, population growth, the composition of the population, human development and GDP shares of different countries.

Objective of the study:-

1. To highlight the Indian economy with the world’s economy.
2. To study the per capita income of major economies of the world.
3. To review the population growth of country groups in the world.
4. To comparative study of HDI between india and selected countries.
5. To study the GDP Shares in sector-wise of selected countries.

Method of study:-

The study is based on secondary data. It is collected through internet, books, newspapers etc.

Per Capita Income:-

In 2014, the per capita income of an Indian was \$1,560. This grew to \$1,600 in 2015. Here is a quick comparison table:

Countries	Atlas method		Purchasing Power Parity Basis	
	2014	2015	2014	2015
USA	55320	55980	56130	57540
UK	43760	43390	39810	40610
Japan	41920	36680	38060	38870

Germany	47680	45940	47560	48410
India	1560	1600	5610	6030
China	7520	7930	13460	14390
Source : World Development Indicators.				

The above table provides information regarding in both the years, India’s per capita GNI was lower than other major economies like the USA, UK, Japan, Germany, and China. Further, in 2015, the per capita GNI of USA was around 35 times that of India. On the other hand, the purchasing power parity rates of the USA was only 10 times that of India.

In simple words, the official exchange rates showed an exaggerated disparity between the economies while the purchasing power parity figures balanced them. Having said this, the difference between the standard of living of an average American and Indian is large and significant. In 2015, China the average per capita GNI around 5 times higher than India. Also, the purchasing power parity figures were twice those of India. However, there is a notable difference in the standard of living of an average Chinese and Indian citizen.

Population Growth:-

In 1980, the population of the world was around 4,426 million which grew to around 6,893 million by 2010. The annual compound growth rate of population was 1.7 percent in 1980-81 which dropped to around 1.15 percent in 2009-10. Further, population growth rates are different in different parts of the world.

Table 2: World Population Growth by Groups

Country Groups	Population (millions)		Percent of total		Average annual growth rate%	
	1980	2010	1980	2009	1980-90	2000-09
Low income economies	1384	796	31.3	11.5	2.4	2.1
Middle income economies	2217	4970	50	72.1	1.6	1.12
High income economies	825	1127	18.6	16.3	0.7	0.63

<b>Total</b>	442 6	689 3	100	100	1.7	1.15
<b>India</b>	687	121 0	15. 5	17. 6	2.1	1.38
<b>China</b>	981	133 8	22. 2	19. 4	1.5	0.51

From the table above, it is obvious that the low-income economies and the middle-income economies account for around 84 percent of the world’s population. Also, during the period from 2000-09, the growth rate in low-income economies was higher than the middle-income economies. Further, China’s population growth rates declined to 0.5 percent during 2000-09, while India recorded a population growth of 1.38 percent.

**Human Development:-**

The United Nations Development Program (UNDP), ranks countries based on their Human Development Index or HDI. The HDI takes into consideration the life expectancy, educational attainment, and per capita income. It is also an alternative indicator of the socio-economic development of a country. According to the Human Development Report (HDR), India ranks 130 out of 188 countries. India’s HDI of 0.609 is below the average of countries in the medium human development group (of 0.630). However, it is marginally higher than the HDI average of the South Asian countries (0.607). During the period between 1980 and 2014, India’s per capita GNI increased by about 338 percent. Also, over the same period, the Life Expectancy at Birth (LEB) increased by 14.1 years. Further, the mean years of schooling increased by 3.5 years and the expected years of schooling by 5.3 years.

**Table 4: HDI Component Indices of Selected Countries 1980 and 2014**

Country	HDI 1980					HDI 2014				
	LEB (Years)	Expected Years of Schooling (years)*	Mean years of schooling (years)*	GNI per Capita (\$)	HDI Value	LEB (Years)	Expected Years of Schooling (years)*	Mean years of schooling (years)*	GNI per Capita (\$)	HDI Value
<b>Russian Fed.</b>	67.3	12.2	7.1			70.1	14.7	12	22352	0.798
<b>Sri Lanka</b>	68.2	10	7.1	2562	0.571	74.9	13.7	10.8	9779	0.757
<b>Brazil</b>	62	9.9	2.5	10457	0.547	74.5	15.2	7.7	15175	0.755
<b>China</b>	66.5	8.4	3.9	758	0.43	75.8	13.1	7.5	12547	0.727
<b>South Africa</b>	56.9	11.1	4.8	9756	0.569	57.4	13.6	9.9	12122	0.666
<b>India</b>	53.9	6.4	1.9	1255	0.362	68	11.7	5.4	5497	0.609
<b>Bangladesh</b>	53.5	4.9	2	1148	0.338	71.6	10	5.1	3191	0.57
<b>Pakistan</b>	57	3.7	1.8	2437	0.353	66.2	7.8	4.7	4866	0.538

Source: HDR 2015

Nores: Data refers to 2014 or the most recent year available; \$: Gross National Income (GNI) per capita is based on 2011 dollar purchasing power parity (PPP); In respect of South Africa, data for 1980 is based on HDR 2014.

The above table you can see india has the least mean years of schooling as compared to The The The above table you can see india has the least mean years of schooling as compared to the other BRICS nations. the other BRICS nations. Also, India’s LEB is lower than Brazil, China, and Russia but higher than South Africa. Further, Bangladesh has a much lower per capita GNI but a higher LEB than India. The HDR also provides information on the Gender Development Index (GDI) along with the HDI for all 188 countries. In India, the HDI value for females was 0.525 in 2014.

**Table 5: GDI Selected Countries 2014**

Country	GDI		HDI Value		LEB (years)		Expected years of schooling		Mean years of schooling		GNI per Capita (\$)	
	Value Group											
	2014		2014		2014		2014		2014		2014	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<b>Sri Lanka</b>	0.948	3	0.73	0.769	78.2	71.5	14.2	13.3	10.7	10.9	5452	14307
<b>China</b>	0.943	3	0.705	0.747	77.3	74.3	13.2	12.9	6.9	8.2	10128	14795
<b>India</b>	0.795	5	0.525	0.66	69.5	66.6	11.3	11.8	3.6	7.2	2116	8656
<b>Bangladesh</b>	0.917	4	0.541	0.59	72.9	70.4	10.3	9.7	4.5	5.5	2278	4083
<b>Pakistan</b>	0.726	5	0.436	0.601	67.2	65.3	7	8.5	3.1	6.2	1450	8100

**Source: HDR 2015**

All other countries (except Pakistan) have higher HDI values for females in comparison with India. This implies that the average years of schooling in India of 3.6 years is substantially lower than the males.

**GDP Shares in selected countries:-**

**Table 6: Percentage Share of Sector-wise Contribution of GDP**

Country	Gross Domestic Product \$ billions		Agriculture % of GDP		Industry % of GDP		Manufacturing % of GDP		Services % of GDP	
	2000	2015	2000	2015	2000	2015	2000	2015	2000	2015
	<b>China</b>	1211.3	11007.7	15	9	46	41	32	30	40
<b>India</b>	476.6	2095.4	23	17	26	30	15	16	51	53
<b>Germany</b>	1950	33663.4	1	1	31	30	23	23	68	69
<b>Japan</b>	4731.2	4123.3	2	1	31	27	21	19	67	72
<b>UK</b>	1635.4	2858	1	1	25	19	15	10	74	80
<b>USA</b>	10284.8	18036.6	1	1	23	21	16	12	76	78
<b>World</b>	33391	73891.9	5	4	31	28	19	15	64	68

The above table provides information regarding shares in GDP of agriculture, industry, manufacturing, and services. The data reveals a wide variation in the output pattern across different countries. In a developed country like the USA, agriculture contributed to just 1 percent of GDP in 2000 and 2015. Also, during the same years, the services sector contributed around 76 percent in 2000 and 78 percent in 2015 to the GDP. In fact all

developed countries have services as the major contributor to the GDP. The industry and manufacturing sector follow suit and the least contributing sector is agriculture. In 2015, China's services sector contributed 50 percent to its GDP. Further, in the same year, the share of the industrial, manufacturing, and agricultural sectors was 41, 30, and 9 percent respectively. India skipped the industrial phase and leaped directly to services. Between 2000 and 2015, the share of the services

sector increased from 51 to 53 percent. For the same period, agriculture contribution decreased from 23 to 17 percent. While the industry's contribution increased from 26 to 30 percent, the manufacturing sector's contribution remained stagnant at around 16 percent.

**Conclusion:-**

India's per capita GNI was lower than other major economies like the USA, UK, Japan, Germany, and China. In 2015 the per capita GNI of USA was around 35 times that of India and purchasing power parity rates of the USA was only 10 times that of India. China the average per capita GNI around 5 times higher than India. Also, the purchasing power parity figures were twice those of India. However, there is a notable difference in the standard of living of an average Chinese and Indian citizen. China's population growth rates declined to 0.5 percent during 2000-09, while India recorded a population growth of 1.38 percent. India between 2000 and 2015 the share of the services sector increased from 51 to 53 percent. For the same period, agriculture contribution decreased from 23 to 17 percent. While the industry's contribution increased from 26 to 30 percent.

**Refresces:-**

- 1)[https://en.wikipedia.org/wiki/Economy\\_of\\_India](https://en.wikipedia.org/wiki/Economy_of_India)
- 2)[www.toppr.com](http://www.toppr.com)
- 3)[www.imf.org](http://www.imf.org)
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