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MACROECONOMIC DEVELOPMENT OF INDIA

Abstract: the article examines the key factors of India's macroeconomic development: the dynamics of GDP, the structure of the main sectors of the economy, and their contribution to the formation of the gross domestic product. Since the beginning of the 21st century, average annual GDP growth has been between 6% and 7 %, and from 2014 to 2018, India was the fastest growing major economy in the world, ahead of China.

Key words: India, macroeconomic development, GDP,

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МАКРОЭКОНОМИЧЕСКОЕ РАЗВИТИЕ ИНДИИ

Аннотация: в статье исследуются ключевые факторы макроэкономического развития Индии: динамика ВВП, структура основных отраслей экономики, их вклад в формирование валового внутреннего продукта. С начала 21-го века среднегодовой рост ВВП составлял от 6% до 7 %, а с 2014 по 2018 год Индия была самой быстрорастущей крупной экономикой мира, опережая Китай. **Ключевые слова:** Индия, макроэкономическое развитие, ВВП

India has classified and tracked its economy and GDP in three sectors: agriculture, industry, and services. Agriculture includes crops, horticulture, milk and animal husbandry, aquaculture, fishing, sericulture, aviculture, forestry, and related

activities. Industry includes various manufacturing sub-sectors. India's definition of services sector includes its construction, retail, software, IT, communications, hospitality, infrastructure operations, education, healthcare, banking and insurance, and many other economic activities [1,2].

The major component of this is obtained from agriculture and the other components do have an major contribution in the economy (figure 1).

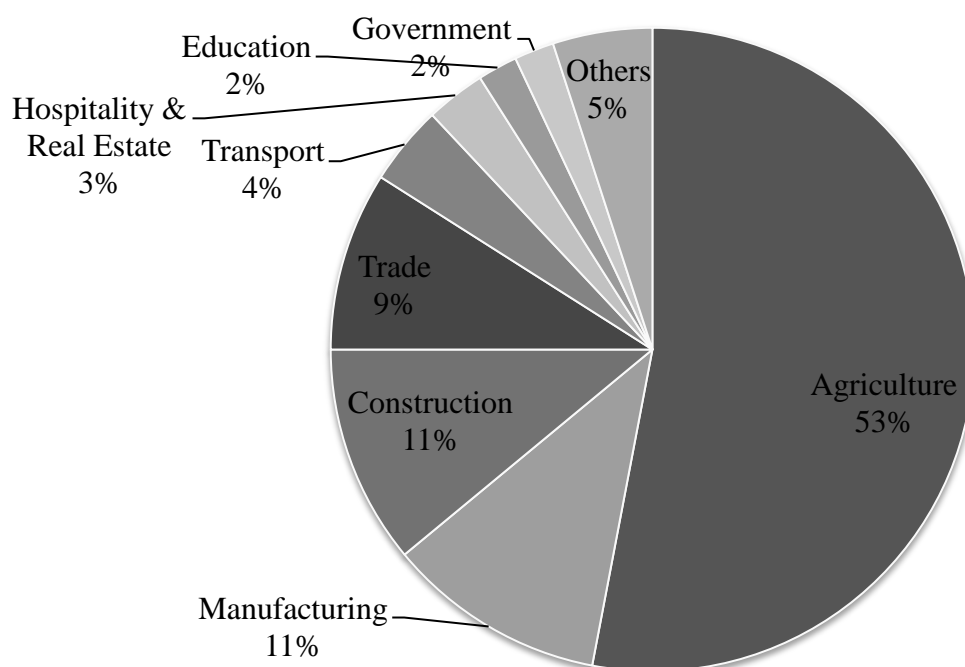


Figure 1 - Economic sectors distribution by percentage in India in 2019

Agriculture and allied sectors like forestry, logging and fishing accounted for 17% of the GDP, the sector employed 49% of its total workforce in 2018. Agriculture accounted for 23% of GDP, and employed 59% of the country's total workforce in 2019. As the Indian economy has diversified and grown, agriculture's contribution to GDP has steadily declined from 1951 to 2011, yet it is still the country's largest employment source and a significant piece of its overall socio-economic development. Crop-yield-per-unit-area of all crops has grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the Green Revolution in India [3].

The figure 2 discusses about the worldwide GDP rates with China leading with 29 units and Indonesia with the least progress in GDP, whereas India has the third

highest GDP in the world for the year 2019.

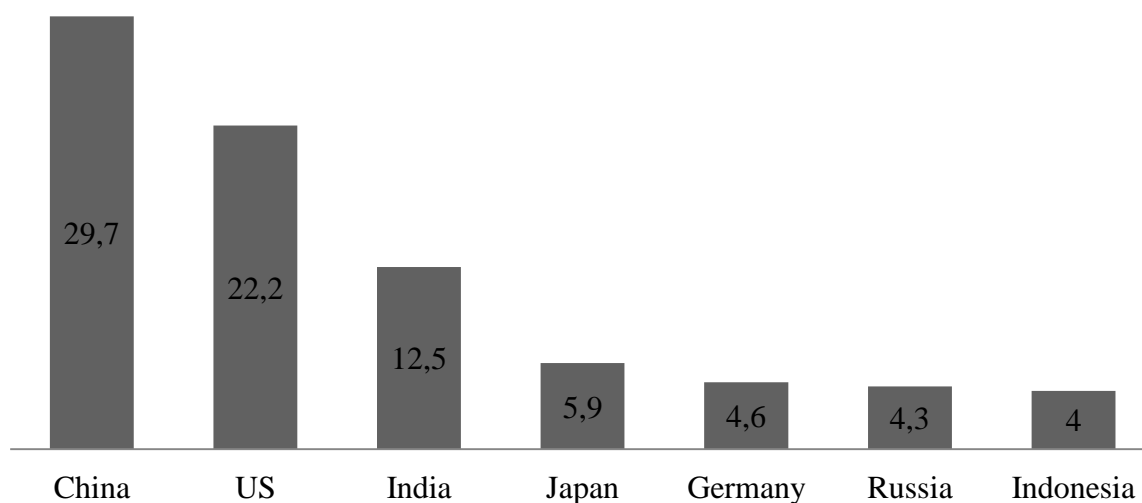


Figure 2 - Worldwide GDP rates in 2019

India is the largest producer of milk, jute and pulses, and has the world's second-largest cattle population with 170 million animals in 2018. It is the second-largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second-largest fruit and vegetable producer, accounting for 10.9% and 8.6% of the world fruit and vegetable production, respectively. India is also the second-largest producer and the largest consumer of silk, producing 77,000 tons in 2017. In 2018, India had the world's sixth-largest fishing industry [1].

Another important part of the Indian economy is the industry sector. Changes such as the end of the 'Permit Raj' and opening up of the economy were welcomed in the country with great enthusiasm and optimism. As a result of these changes, the industrial potential of the economy has increased since 1991. Private sectors got an opportunity to enter new sectors, which were earlier under government monopoly [6].

India is all set to become US\$ 3 trillion economy. The budget focusses on reducing red tape, making best use of technology, building social infrastructure, digital India, pollution free India, make in India, job creation in Micro, Small and Medium Enterprises (MSMEs) and investing heavily in infrastructure. Total expenditure for 2019-20 is budgeted at Rs 2,786,349 crore (US\$ 417.95 billion), an increase of 14.09 per cent from 2018-19 (budget estimates). Numerous foreign

companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent [4, 5]

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