



## **Economic and Social Development of India on the 75<sup>th</sup> Year of Independence: A Trend Analysis**

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**Abstract:**

*This paper tries to examine the state of economic and social development of the Indian economy at the time of independence, pre liberalized period, liberalized period and at the 75th year of independence. The data is purely time series and secondary in nature. The development indicators like literacy, GDP, Per Capita GDP, Inflation, Unemployment, Poverty, IMR etc were considered to satisfy the objectives-to examine the current status of social and economic development, to examine the trend and pattern of economic and social development of India and to analyze the influence of GDP per capita on social development indicators. Simple statistical tools-tables, simple bar diagrams, line diagrams, percentage and simple bivariate correlation were applied to analyze the data. Almost all the considered variables made significant positive changes on the economic and social development of India during the post independence period. Among the variables considered, inflation and unemployment is still high and it may disturb the Indian economy from being the largest economy of the world. The correlation figures show that the social development indicators- Literacy, IMR, CBR and CDR were significantly related with Per Capita GDP of the country.*

**Keywords:** Social Development, Gross Domestic Product, Per Capita GDP, Literacy Rate, Poverty, Unemployment, Crude Birth Rate, Crude Death Rate, Infant Mortality Rate

### **Introduction**

At the time of independence, the Indian economy was characterized by the vicious circle of poverty, overdependence on agriculture, unemployment, low per capita income, poor infrastructure, over dependence on imports of capital goods, illiteracy, low industrial development, heavy population pressure, inequality etc. Nearly 85 percent lived in villages and acquired their livelihood from agriculture and allied activities. The backwardness of the Indian economy is reflected in its unbalanced occupational structure with 70 percent of the working population engaged in agriculture. Even with this large proportion of population engaged in agriculture, the country was not self-sufficient in food and raw materials for industry. The average availability of food was inadequate in quantity and quality. Illiteracy was as high as 84 per cent; about 60 per cent of children in the age group 6-11 did not attend school. Mass communicable diseases were wide-spread

and in the absence of a good public health service, mortality rates were very high. At the time of independence, the inequality was very high, with a top 10% Indian population holding 50 % of the total national wealth. But after independence with regular five year plans, fiscal and monetary policies, industrial and agricultural policies, better Public Distribution System and introducing New Economic Policy, our economy reached a great height. In the 75<sup>th</sup> year of independence, India overtook the colonizer United Kingdom (UK) and became the fifth largest economy in the world.

### **Objectives of the paper**

1. To examine the current status of economic and social development of India on the specified indicators
2. To examine the trend and pattern of economic and social development of India

- To analyze the influence of income on the social development indicators

### Hypotheses

- The scores of Economic and social development indicators of India have a positive trend after independence
- Influence of Income on social development indicators is not significant

### Methodology:

This study is based on secondary data of time series in nature which is collected from Economic Survey of India (various years), Census Reports (Various Years), Text books and internet sources. For analysis, tables, line graphs, simple bar diagrams, percentage and Bivariate correlation were applied.

### Data Analysis

At the time of independence, our economy showed all the signs of an underdeveloped country. The low degree of economic development can be judged from the relative importance of various industrial activities in terms of their contribution to

national income and workforce engaged in these activities. As per the data, agricultural activities contributed nearly 50 percent to India's national income. Manufacturing sector was the least contributor to the national income. Regarding the occupational distribution, 72 percent of the total working force was occupied in agriculture. Less than 11 percent of the working force was employed in all forms of industry, whereas the tertiary sector provided employment to 17 percent of the working force.

Inadequate industrialization, low agricultural output, a low figure of national income per capita, sluggish economic progress, considerable unemployment and under employment – these were some of the main characteristics of India's social and economic situation at the time of independence.

The Economic and social development indicators of India at the time of independence was also in a pathetic situation. 50 per cent of the wealth was in the hands of the top 10 percent of the population. The important economic and social development indicators and their values are given in (table. 1.1).

**Table.1.1: Economic and Social status of India in 1947**

Indicator	Value
Population	34 Crore
GDP	2.7 Lakh crore
Per Capita Income	Rs.249.6
Poverty	70%
Inflation	2%
Unemployment	4%
Literacy	12%
Life Expectancy	31 Years
Infant Mortality Rate (IMR)	145.6 (per 1000 live births)

Crude Death Rate (CDR)	29 (per 1000 population)
Crude Birth Rate (CBR)	40 (per 1000 population)

Source: Computed from Economic Survey of India (various years)

Immediately after the attainment of Independence, the main concern of the Indian government was to solve the problem of shortages of essential food items, alleviate poverty and control the persistent inflationary pressure. At the 75<sup>th</sup> year of independence, the year 1991 is popularly known as the year of New Economic Policy which was featured by

three basic reforms called as LPG- Liberalization, Globalization and Privatization. In order to examine the impact of the New Economic Policy, we have to examine the economic situation of Indians before NEP and after NEP. Therefore the economic and social development data on 1990 and 2001 are also considered. (Table. 1.2)

**Table 1.2: Economic and Social Development Status of India in 1990 and 2001**

Indicators	1990	2001
Population	83.8 Crore	102 Crore
GDP	6.93051 Lakh Crore	11.51991 Lakh Crore
Per Capita Income	Rs.7322	Rs. 10204
Poverty	39%	30.2%
Inflation	8.9%	3.78%
Unemployment	5.6%	5.58%
Literacy	52%	64.5%
Life Expectancy	58Years	62.7 Years
Infant Mortality Rate (IMR)	89 (per 1000 live births)	66 (per 1000 live births)
Crude Death Rate (CDR)	10.2 (per 1000 population)	8.4 (per 1000 population)
Crude Birth Rate (CBR)	30.5 (per 1000 population)	24.8 (per 1000 population)

Source: Compiled from Economic Survey of India (Various Years)

75 year later after independence, the Indian economy has undergone a transformation as India seeks to join the \$5trillion club. Prime Minister of India underlined the need for collective action to achieve \$5trillion economy status, including urging for an increase in the collection of the Goods and Service Tax

(GST). From 2.7 lakh Crore of our GDP in 1947 improved to 147.79 lakh crore in 2022. And in the 75<sup>th</sup> year of independence, India overtakes the colonizer United Kingdom (UK) and became the fifth largest economy in the world. The economic and social status of Indian economy is evident in table 1.3.

**Table 1.3: Economic and Social Development Status of India in 2022**

Indicator	Value
Population	140 Crore
GDP	147.79 Lakh crore
Per Capita Income	Rs.128829

Poverty	21.1%
Inflation	7.3%
Unemployment	7.6%
Literacy	77%
Life Expectancy	70.19 Years
Infant Mortality Rate (IMR)	27.69 (per 1000 live births)
Crude Death Rate (CDR)	7.3 (per 1000 population)
Crude Birth Rate (CBR)	17 (per 1000 population)

Source: Compiled from Economic Survey of India (Various Years)

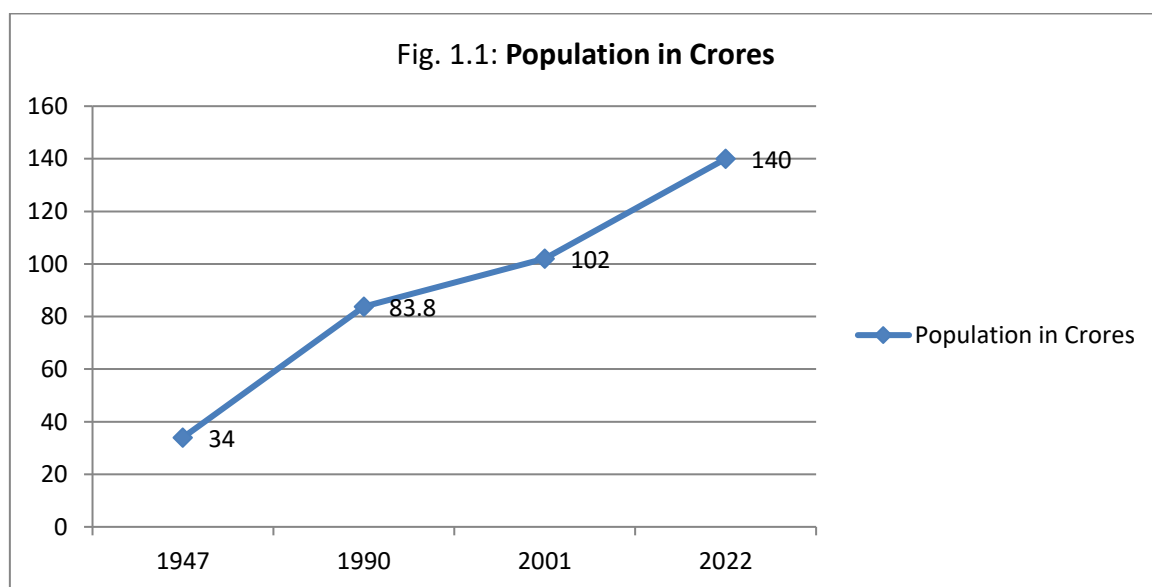
Almost all the variables of economic and social development of India make positive changes in the 75th year of independence of India. Population increased more than 4 times after independence. GDP hiked around 55 times during the post independence period. Per capita income improved from Rs. 249.6 to Rs. 128829 (around 517 times hike). Poverty reduced from 70 per cent to 21.1%. The social development indicators like life expectancy have improved from 31 years to 70.19 years during the post independent period. Infant Mortality Rate reduced from 145 to 27 during these periods. Crude Birth Rate and Crude Death Rate also reduced significantly during the reference period. But the two important indicators of the strength of the economy-

inflation and unemployment rates increased instead of falling during the reference period.

**Trend of the variables:**

**1. population growth of India:**

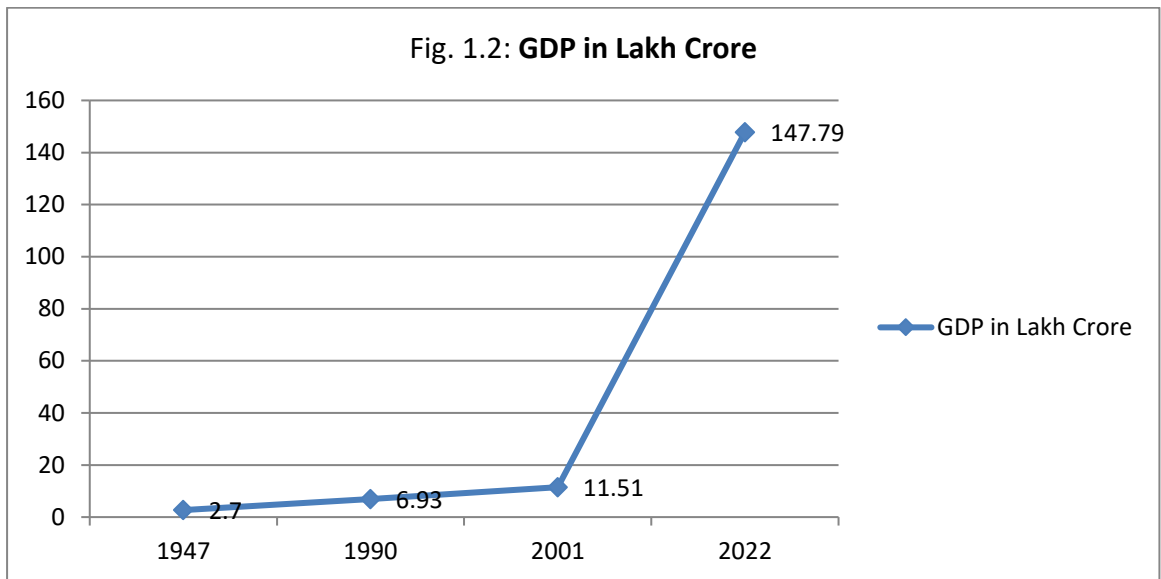
During the post independence period, the population of India continuously increased. During 1947 to 1990 periods 147 per cent increase in population was attained. During 1990 to 2001, 21 percent growth in population was recorded. And in the last segment of the reference period (2001 -2022) 37 per cent growth in population was recorded. Broadly during the post independence period population hike is at 4 times. The trend of the population of India is shown in the fig.1.1.



Source: Constructed from secondary data

**2. Gross Domestic Product (GDP)**

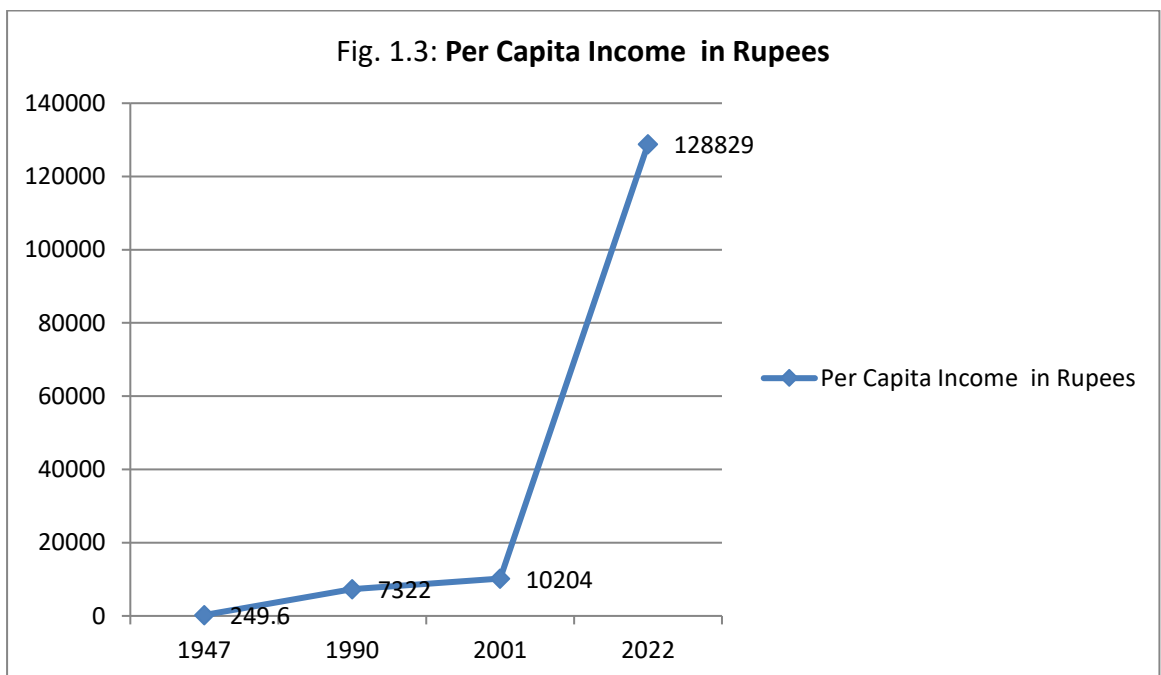
During the reference period GDP recorded 55 times hike. The hike is significant in the post liberalization period. In 2001 the GDP was 11.51 lakh crore, it has improved to 147.79 lakh crore in 2022. (fig.1.2)



Source: Constructed from Secondary Data

**3. Trends in Per Capita Income (PCI)**

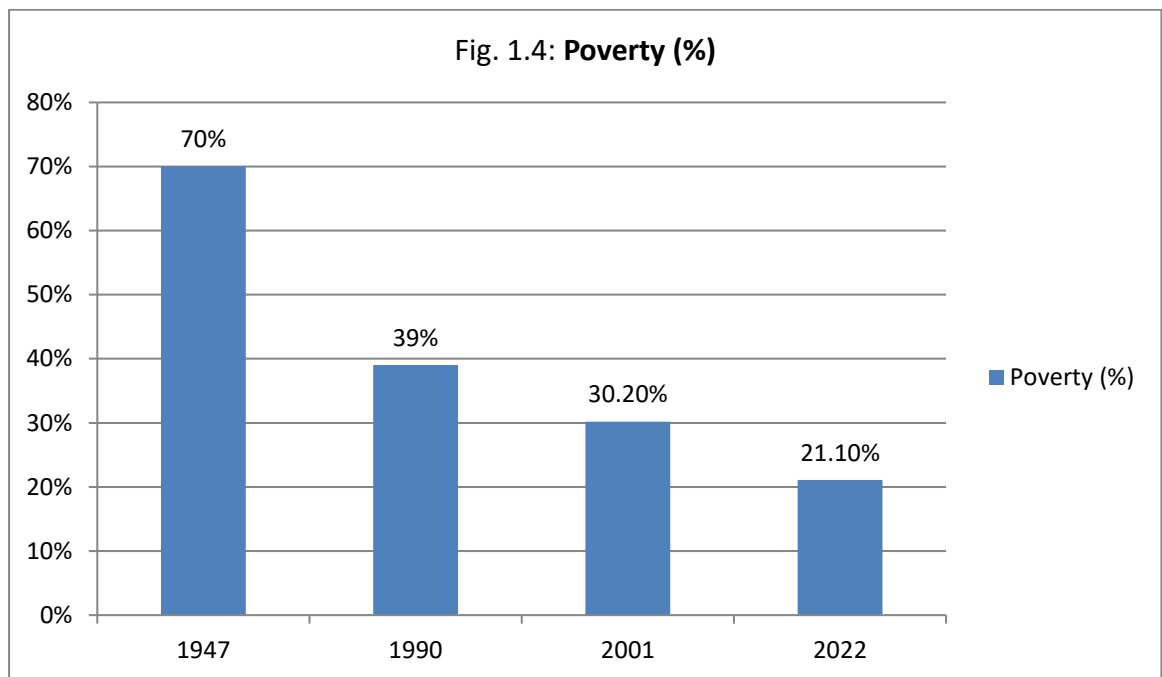
The trend of Per Capita income is also significant during the post liberalization period. In 2001 the PCI was Rs. 10204 but has jumped to Rs. 128829 in 2022. By broadly seeing, during the reference period, 517 times hike was recorded in PCI (fig 1.3)



Source: Constructed from secondary data

**4. Trends in Poverty**

Poverty in India was significantly reduced during the reference period. At the time of independence, 70 per cent of Indian people were poor. This has been reduced to 21.10 per cent in 2022. (fig. 1.4)

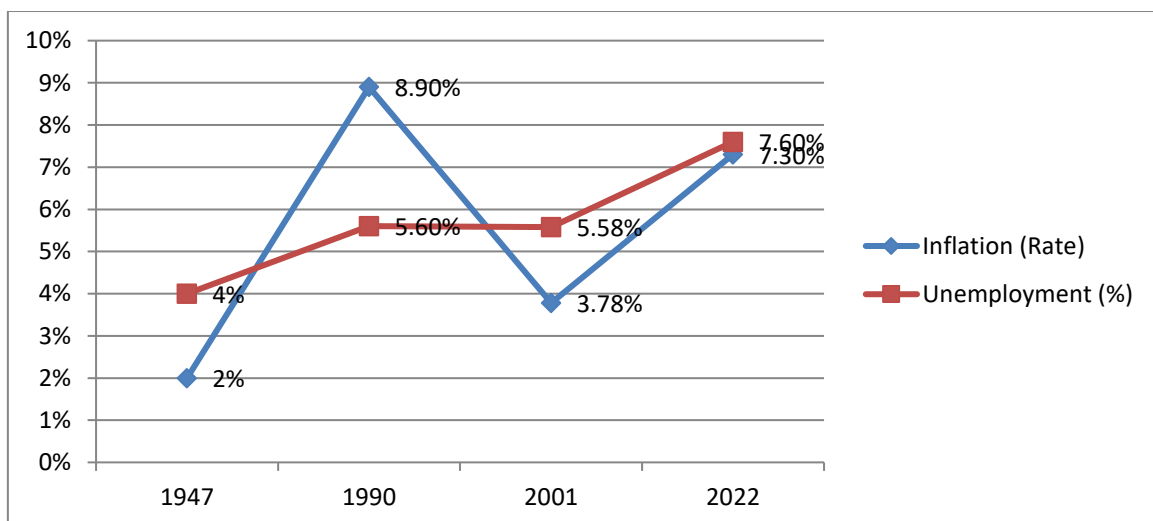


Source: Constructed from secondary data

### 5. Trends in Inflation and Unemployment

Inflation in India during the post independence period is ups and down in nature. During the pre liberalized period, inflation is at its maximum (ie 9 percent), but in the first decade of post liberalization, inflation had reduced to 3.78 again it recorded an hike and reached to 7.3 in 2022.(fig 1.5)

Figure 1.5: Inflation and Unemployment (Trends)

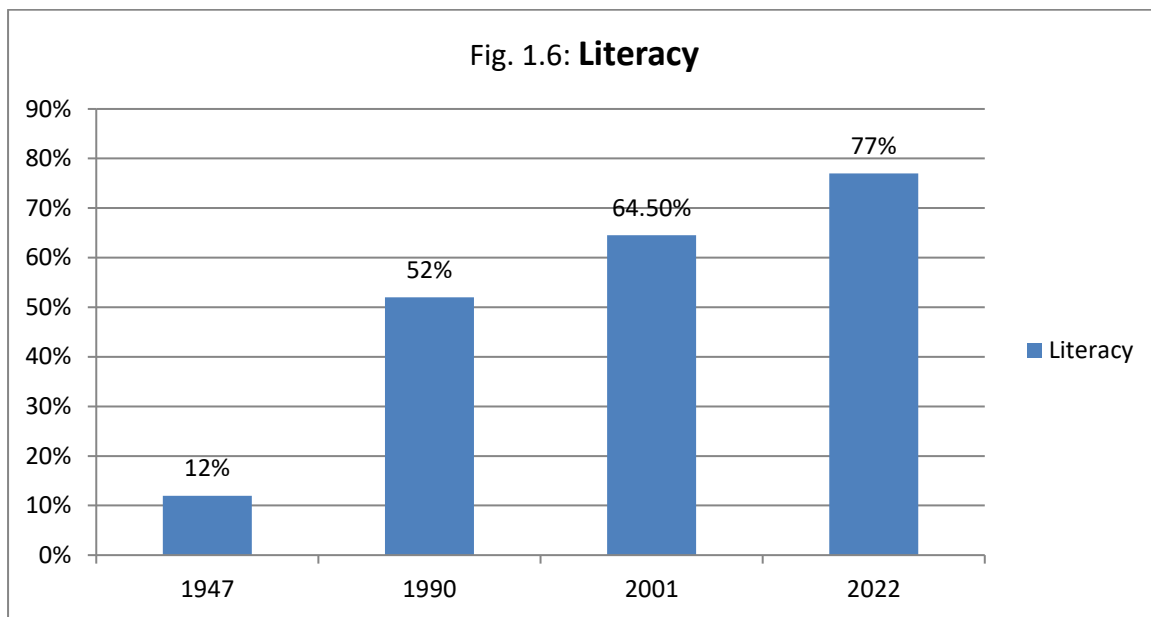


Source: Constructed from secondary data

In the unemployment rate, the Indian economy witnessed a continuous rise. In the first decade of liberalization the unemployment figure is somewhat hopeful. But in 2022 the figure of unemployment reached 7.3 percent.

## 6. Trends in Literacy

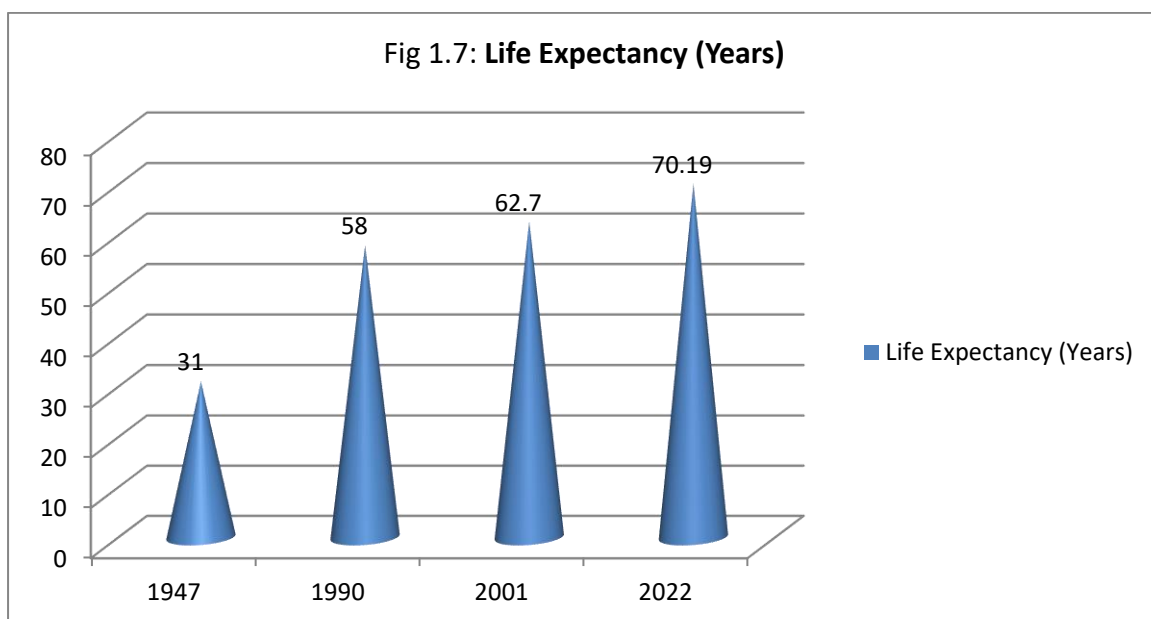
Literacy is an important social development indicator which recorded a continuous increase in its figures. In 1947 we had only 12 per cent literacy which improved to 77 per cent in 2022. (fig. 1.6)



Source: Constructed from secondary data

## 7. Trends in Life Expectancy

Another social development indicator- life expectancy is recorded as a very positive sign. At the time of independence, our life expectancy was only 31 years, but it has improved to 70.19 years during the post independence period.(fig 1.7)



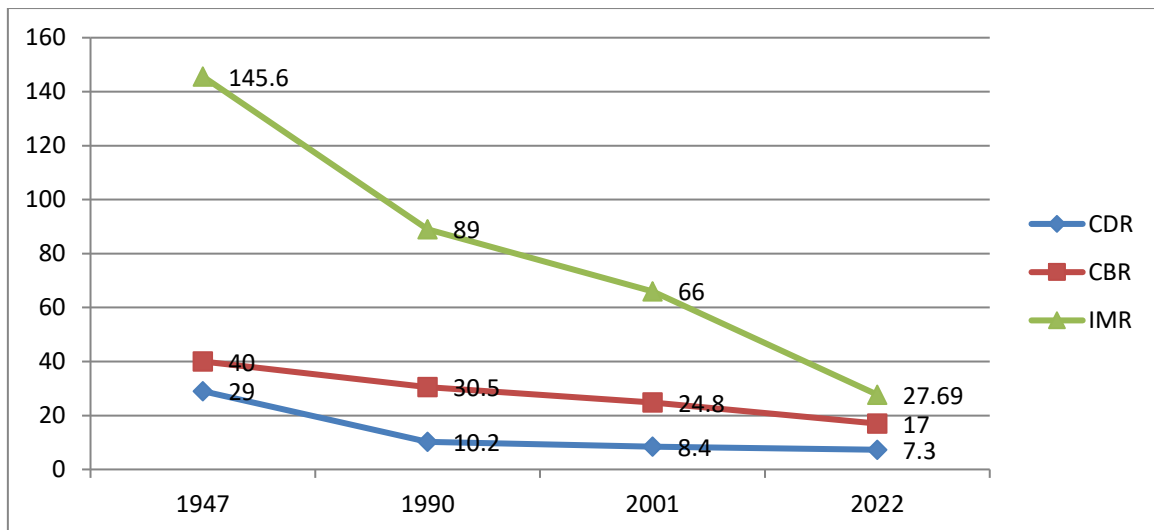
Source: Constructed from secondary data

## 8. Trends in Crude Death Rate, Crude Birth Rate and Infant Mortality Rate



Another three important demographic variables are CDR, CBR and IMR; they also recorded very positive rates. The Infant Mortality Rate (IMR) in 1947 was 145.6 for 1000 live births which have been reduced to 27.69 for 1000 live births in 2022. Crude Birth Rate and Crude Death Rate also showed a declining trend in its figures. (Fig. 1.8)

**Figure 1.8: Trends in CBR, CDR and IMR**



Source: Constructed from secondary data

### 9. Influence of GDP per capita on social development indicators

In order to examine the influence of Per Capita GDP on the social development indicators, we considered four variables - literacy, IMR, CBR and CDR.(table 1.4)

**Table 1.4: Per Capita GDP versus Social Development Indicators (Literacy, IMR, CBR and CDR)**

Year	GDP Per Capita(in Rs.)	Literacy Rate (%)	IMR(Per 1000 live births)	CBR (per 1000 Population)	CDR (per 1000 population)
1947	249.6	12	145.6	40	29
1990	7322	52	89	30.5	10.2
2001	10204	64.5	66	24.8	8.4
2022	128829	77	27.69	17	7.3

Source: Computed from Economic Survey of India(Various Years)

The correlation of Per Capita GDP versus Literacy Rate, IMR, CBR and CDR is given in the table 1.5

**Table 1.5 Pearson Correlation Values**

Correlation between	Pearson Correlation Value



GDP Per Capita versus Literacy Rate	0.659
GDP Per Capita versus IMR	-0.779
GDP Per Capita versus CBR	-0.804
GDP Per Capita versus CDR	-0.477

The correlation value of GDP per capita and Literacy rate shows a significant positive correlation ( $r= 0.659$ ). The correlation between GDP Per capita versus IMR, CBR and CDR shows negative correlation but it is positive in the sense that a decline in IMR, CBR and CDR due to rise in GDP per capita. Therefore we reject the null hypothesis since the referred social development indicators are significantly correlated with GDP Per Capita.

**Conclusion:**

Almost all variables considered while examining the economic and social development of India during the post independence period shows that a positive growth is achieved in terms of development. The growth in the indicators is more significant during the post liberalized period. But the figures of inflation and unemployment are not positive in the sense of development during the reference period. The correlation figures of GDP per capita versus social development indicators say that the development in the above referred social indicators is supported positively in the sense of development by GDP Per capita.

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