

Unit 1: Topic 2 Development Dynamics—INDIA country case study

Where is India?

India, a former British colony, is in Asia which forms a peninsula dividing the Indian ocean into the Arabian Sea and the Bay of Bengal. India shares borders with 6 countries including Pakistan, Bangladesh and China. India is the seventh largest country in land area and has a population of 1.3 billion. It is a member of the United Nations and the WTO and a number of other associations including the Commonwealth. This seeks to promote democracy, rule of law, human rights, good governance and social and economic



development. Due to its central location in the Indian Ocean it aims to become a hub of transport, communication and trade within its wider region and is motivated by the rapid development of other emerging nations in the region such as Malaysia and Indonesia.

What is India's environmental, political, social and cultural context? How does India's environment contrast?

India stretches from Kashmir in the north to Nagercoil in the south and from Gujarat in the west to Arunachal in the east. The tropic of cancer divides the country almost in two and is ahead of GMT by 5hr30m. It has a range of different landscapes from the Himalayas in the north, the Great Indian Desert to the west, jungles in the north-east, fertile plains in the north and wooded plateaus in the south. River are important to India's development such as the sacred river Ganges, Brahmaputra and the Godavari. India varies from tropical in the south and alpine in the north. The Indian monsoon is the earths most powerful weather system blowing from the north-east during the cooler months and south-west in the warmer months. It brings costly floods but is vital for water supply and farming.

What is it's social and religious composition?

India is culturally diverse, has many different languages and dialects, some 1500, Hindi in the north and English (politics and commerce) are used officially. Society is divided into social ranks known as 'castes'. A caste is determined at birth depending on the social status of their parents with the so called 'untouchables' the bottom social grouping with no caste. It is a system that many Indians would like to see disappear. Although India has no official religion over 80% of the populations are Hindu and 13% Muslim.

What is the structure of India's government and states?

India is a parliamentary democracy. Its constitution guarantees the basic rights of religion, caste, sex or place of birth. It is divided into 29 states and 7 territories. More than 50% of India's population live in six states. The most developed states are generally in the north-west (Delhi) and in a line of states in the west and south (Gujarat, Maharashtra) with lower levels of development in the northern and eastern states.

What is the colonial legacy?

Since independence in 1947 opinions about the impacts of colonialism have varied. One legacy is that most of India's population speak English which has been a key factor in India's integration in the global economy. Economically, India is split between 'village India' with traditional agriculture and 'Urban India' with one of the most heavily industrialised areas of the world. The UK is keen to export more goods and services to India and encourage more Indian investment in the UK.

Who are the Indian diaspora?

The number of Indian population that makes up the diaspora is estimated at 20million scattered over 100 countries. In 2014 they sent US\$71 billion in remittances back to India (exceeds revenues from software industry).

What are India's key economic trends?

India's development has been rapid in recent decades so much so that it's now classed as an emerging country as opposed to a developing country.

How has GDP or GNI per capita changed?

GDP has grown steadily since 1950 and increased rapidly in the 1990's growing 7% on average for the last two decades. It was the worlds fastest growing economy in 2014 and is now the worlds 7th largest economy by GDP and 3rd by PPP. GNI has almost doubled between 2006 and 2014.

How has India's economy changed?

As a country develops its economic structure changes as does the number of people working in each employment sector e.g. Primary—Agriculture (37%-14%), Secondary—manufacturing 17%-18%), Tertiary—Services (46%-67%)

What are the key features of India's trade?

India is becoming more integrated into the global economy with the volume of imports and exports increasing from US\$252billion in 2006 to US\$794 in 2012 with higher value goods becoming more prominent e.g. petroleum, gold and electronic goods. Asia is the main market for India's goods and China for it's imports.

How has FDI boosted India's economy?

The government has been keen to encourage FDI for the development of the country's infrastructure including some of the largest railway projects. The two biggest sources of FDI in 2014 were Mauritius and Singapore. The gap between outward and inward FDI is narrowing which is a key indicator of India's development.

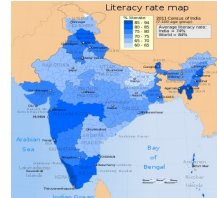
India—FDI stocks US\$ billion			
	1995	2000	2014
Inward	5.6	16.3	252.3
Outward	0.5	1.7	129.6

How have government policy, aid and globalisation influenced economic change?

1. Government Policy

Since 1990 it has been easier for Indian companies to make international links due to economic reforms (change) with the government encouraging innovation and increasing the science budget. Education has also been a priority for the government with free and compulsory

Improvements in literacy		
Indicator	2001	2011
Lit rate	64.8	74
Male lit rate	75.3	82.1
Female lit rate	53.7	65.5



education for 6-14 year olds. It now has 1.4 million schools and 36000 HE facilities. As a result there have been significant improvements in literacy.

2. Aid

Historically India has received the most amount of international aid but this has decline rapidly as the country has developed. The UK, for example, planned to end all aid to India by 2015 although some technical assistance would continue. India now sends aid to other countries reversing the trend from recipient to donor e.g. Bhutan and Nepal with expenditure est. US\$1.3 billion 2014-2015.

3. Globalisation

Due to it's improved connectivity its rate of growth has increased attracting FDI from TNC's. A number of other key factors have contributed to its growth:

- cheap skilled workforce
- large and well-educated English speaking workforce
- improvements in transport and communications (rail network 63000km, 12 ports, 11 international airports, 6 million KM roads)
- government incentives e.g. tax exemptions

How has the service sector improved economic growth?

Software and ICT services have played an important role in the country's growth worth about US\$ 100billion in 2014-15 particularly 'outsourcing' ICT and other services to developed countries E.g. call centres in Bangalore for UK based

companies. Tourism is also growing rapidly and in 2014 accounted for 6.4% of total GDP with 22million visitors and 39million people employed in tourism.



What impacts has economic growth had on Indian people?

What has the Demographic change been? (population characteristics)
This has changed with the economy. Fertility rate has dropped from 5.2 in 1971 to 2.3 in 2013 which is close to the 'replacement level' 2.1. As a result of a government backed family planning programme BR fell from 45/1000 in 1951 to 21/1000 today. Mortality rates have also fallen:

- infant mortality 129/1000 in 1970 to 40/1000 in 2013
- life expectancy 50 in 1970 to 68 present day although there are significant regional differences due to healthcare and education.

Where do people live in India?

As a result of economic growth an increased proportion of people live in urban areas (Urbanisation) because this is where the better paid jobs and entertainment are.

What are the age and gender gaps?

- Literacy rates improved more that for males between 2001-2011.
 - Health: girls get less food and medical care than boys
 - only 1/3 of working age women have jobs
 - only 12% of the Indian parliament are women.

Although some improvements are seen, women still remain generally low status in Indian society and is a huge hindrance to its development particularly in low castes. Older people have also not benefitted from developments in education and healthcare because they remain in rural areas rather than migrating to urban areas where standards are better.

Are there any regional differences in levels of development?

There are significant differences in the level of development between states in the urban core for example Kerala and the rural periphery for example Bihar. This can be seen in terms of GDP, literacy rates and life expectancy.

What impacts has economic growth had on the natural environment? Air pollution

A recent study by the WHO found that 13 of the worlds top 20 most polluted cities are in India with Delhi (900km² 17.8million popⁿ) topping the list. A major problem is low standards for vehicle emissions and fuel. Air pollution in India reduces life expectancy by 3.2yrs for the 660million that live in cities and is India's fifth biggest cause of death. In rural areas more than 1million people are killed per year from indoor pollution created from dung-fuelled fires and paraffin stoves. The poorest who live on the streets are at greatest risk and there are concerns that it may affect tourism and reduce crop yields.

Water pollution

Both water Quality and quantity are under serious pressure. The number of 'polluted' rivers rose from 121 to 275 between 2010-2015 with sewage the main cause and to a lesser extent industrial waste. Less than 1/3 of sewage in urban areas is treated with the remainder flowing directly into to water ways. The Ganges is amongst the worlds top ten polluted rivers.

Deforestation and desertification

Deforestation has become a major problem due to logging, agriculture, mining, urbanisation reservoirs and forest fires. Flooding, loss of biodiversity, soil erosion and climate change are the resultant problems. 25% of India's land is facing desertification and 32% degradation which are affecting livelihoods and the food security of millions. 68% of India is prone to drought with the largest affected areas of desertification experienced in states such as Gujarat. Half of India's wetland and lakes disappeared between 1911-2014.

Greenhouse gases

India is the world's 3rd largest emitter of CO₂ after China and the USA due to its reliance on coal from which 4/5 of the country's electricity is produced. However, there are still around 400million people in India without electricity so plans to use alternative energy sources in the future e.g Solar. For its CO₂ emissions per capita India (1.8 tonnes) is still way behind developed countries such as the USA (16.5 tonnes).

Climate change

Some people consider this to be the biggest threat to India's economy due to its affect on the monsoon and with more the 60% of farms relying on monsoon rain this threatens a sector worth US\$370 billion and millions of jobs.

How has India's international role changed?

It has the second largest market in the world and many countries are keen to est. good trading links. By 2025 India is on track to become an upper middle income country and a major international player.

The BRICS (Brazil, Russia, India, China, South Africa)

Together these countries act together and account for 42% of the world's population and around 25% of global GDP. A high demand for goods and services from these countries has increased their economic power. An example of their collaboration is the New Development Bank set up to provide resources for infrastructure and sustainable development projects.



The G-20

India is a member of the G-20 group of 20 major developed and emerging economies formed to improve international cooperation required in a modern globalised economy.

India's relationship with the EU and USA

India cooperates with the EU and USA in work around science, education and issues such as climate change. Imports and exports with the EU are balanced however exports to the USA are double the imports from the USA, US\$45200million and US\$21600million respectively.

Political ambitions

India wants a permanent seat in the United Nations Security Council, currently only USA, UK, France, China and Russia and want more influence with global organisations such as the WTO, IMF and World Bank.

International climate negotiations

India plays a major role as an emerging country because of its increase in emission in recent decades. Negotiations are always tough because it is the developed nations that are responsible for most of the current problem since their industrial revolutions whilst India stresses the need for its own economic growth. Since the climate summit in 2015 India is looking towards developing renewable energy on a larger scale to limit its emissions.



What are the contrasting views on development in India?

Much of the debate around development in India focusses around the high levels of poverty and inequality that remain.

What are the views on IDFI?

Although the benefits are clear there are concerns about the actions of some TNC's in particular. TNC's can move out of a country as quickly as they move in to it taking the investment and jobs with them. They can also exploit workers, sometimes don't pay their taxes and compete with some of India's smaller businesses.

What are the views on changing international relations?

Whilst most are in favour of India playing a bigger role internationally some would like the government to place more emphasis on solving India's internal problems.

What are the views on poverty?

400million live on less than US\$1.12 a day (the international poverty line), 800million live on less than US\$2 a day and this despite actual levels of poverty falling from 37% in 2005 to 22% in 2012. 40% of India's children are malnourished and 54% of its population do not have a source of drinking water at home.

What are the views on urban and rural lifestyles?

Essentially much of India remains rural despite the growth of large cities such as Mumbai and Delhi where big differences can be seen with bartering for goods and services still common place in rural India.

What are the future challenges face by India?

India is ranked 128 in the world according to the Index of Economic Freedom. Corruption is still common in many areas of economic activity and is a weak rule of law. The population is set to rise to 1.5 billion by 2015 with the urban population rising from 377 million to an estimated 609 million increasing the demand for electricity, water, food and placing pressures on sewage systems that are already struggling to cope.

