

## **Economic Elevation and Development in Indian Scenario**

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### **Abstract**

With a sizable and expanding population, a rich cultural history, and a variety of natural resources, India is a developing economy. India has advanced significantly in terms of economic development over the past few decades, with strong rates of economic growth, reducing levels of poverty, and expanding access to healthcare and education. The nation still has a long way to go before it can raise the standard of life for its people and achieve steady economic development, though. Some of the major elements that have helped India's economy develop include the following: Liberalization and Economic Reforms: In the 1990s, India carried out a number of economic reforms, including the liberalisation of trade, investment, and finance, which boosted the country's economic development and raised its level of competitiveness. Growing Service Sector: India has a large and growing service sector, which has been a major contributor to economic growth and employment. This sector has been driven by the growth of information technology (IT) and business outsourcing. Increasing Foreign Investment: India has attracted significant foreign investment, particularly in the

manufacturing and service sectors, which has helped to finance development and create jobs. Growing Middle Class: India has a growing middle class, which has boosted consumer spending and contributed to economic growth. Access to Education: India has made significant progress in expanding access to education, particularly in primary and secondary education, which has helped to improve human capital and increase labor productivity. Notwithstanding these successes, India still has a lot of obstacles to overcome before it can improve economic development and reduce poverty, including a huge informal sector, poor infrastructure, corruption, and restricted access to finance. The Make in India initiative, the Digital India programme, and the Skill India programme are just a few of the reforms and programmes the government has put in place to address these issues. These initiatives are designed to improve the investment climate, encourage entrepreneurship, and increase access to education and skill development. Overall, India's economic development has advanced significantly, but much more needs to be done to guarantee that all individuals profit from the nation's expansion and wealth.

*Keywords : Economic Scenario of India, Indian Aspects with Economics*

## **Introduction**

With rapid economic growth and a drop in poverty, India's economy has expanded dramatically during the past several decades. The global economy, monetary and fiscal policies, structural changes, and other variables have all had an influence on the country's economic growth, which has been prone to oscillations.

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The important developments and elements influencing India's economic development are as follows:

High rates of economic growth: Throughout the past several decades, India has had high rates of economic growth, with an average annual growth rate of about 7% in the most recent ten years. The rise of the service industry, notably in the IT and business outsourcing sectors, as well as rising foreign investment and consumer expenditure, have all contributed to this increase.

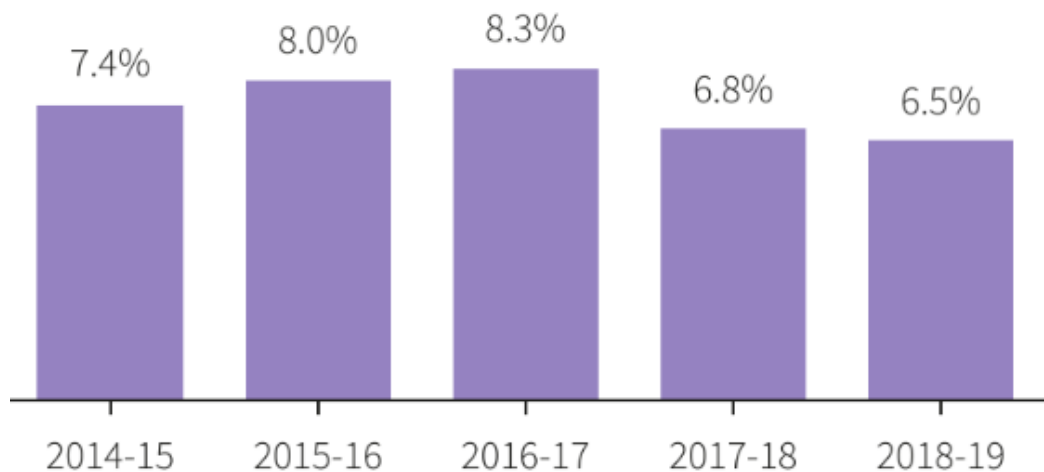


Figure 1 : Economic Growth Patterns of India

Demographic dividend: India has a large and growing working-age population, which has been a key driver of economic growth. The country's demographic dividend is expected to continue to support economic growth in the coming decades.

**Initiatives and reforms:** The Indian government has put in place a variety of programmes and reforms aimed at fostering entrepreneurship, enhancing access to education, and improving the investment climate. These actions have boosted the nation's competitiveness and drawn in outside capital.

**Infrastructure:** India has serious infrastructure issues, such as poor electricity and transportation systems, which have hampered economic expansion and competitiveness. There is still work to be done to address these issues, despite the fact that the government has adopted a number of measures focused at enhancing infrastructure, such as the Make in India programme.

**World economic conditions:** The performance of the international economy and the flow of capital and products across borders have a significant impact on India's economy.

Despite these challenges, India's economic growth is expected to continue in the long-term, driven by the country's large and growing population, favorable demographic trends, and improving investment climate. However, sustained economic growth will require continued reforms and investment in key areas such as infrastructure, education, and skill development.

During the majority of its independent history, socialist-inspired leaders guided India's economic growth, which included state control of numerous industries. In the three decades that followed India's independence, the country's per capita income climbed at an annualised pace of just around 1%. India has gradually liberalised its economy and expanded its markets since the middle of the 1980s. India has advanced towards a free

market economy following more fundamental changes since 1991 and their renewal in the 2000s.

The progress of economic changes in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labour regulations, reforms in lagging states, and HIV/AIDS. For 2018, India ranked 77th in Ease of Doing Business Index. According to Index of Economic Freedom World Ranking an annual survey on economic freedom of the nations, India ranks 123rd as compared with China and Russia which ranks 138th and 144th respectively in 2014.

At the turn of the century India's GDP was at around US\$480 billion. As economic reforms picked up pace, India's GDP grew five-fold to reach US\$2.2 trillion in 2015 (as per IMF estimates).

India has the fastest-growing National economy between January and March 2015, with GDP growth of 7.5% compared to China's 7%. India's GDP growth increased from 6.9% in the previous fiscal year to 7.3% in 2014–15. India's services sector expanded by 10.1%, its manufacturing sector by 7.1%, and its agricultural sector by 0.2% in 2014–15. Indian Economy grew at 7.6 & 7.1 in FY 2015–16 and FY 2016–17 respectively as major reforms had taken place like Demonitisation and implementation of GST in FY 2016–17.

India is the largest producer in the world of milk, cashew nuts, coconuts, tea, ginger, turmeric and black pepper. It also has the world's largest cattle population (193 million).

It is the second largest producer of wheat, rice, sugar, groundnut and inland fish. It is the third largest producer of tobacco.

It is projected that a significant amount of investment will be needed to establish the infrastructure for marketing, storage, and cold storage. To increase investment in marketing infrastructure, the government has put in place a number of programmes. Building of Rural Downs, Market Research and Information Network, Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization, and others are among these programmes.

### **Economic Development with Perspectives of Agricultural Research and development**

The Indian Agricultural Research Institute (IARI), established in 1905, was responsible for the research leading to the "Indian Green Revolution" of the 1970s. The Indian Council of Agricultural Research (ICAR) is the apex body in kundiure and related allied fields, including research and education. The Union Minister of Agriculture is the President of the ICAR. The Indian Agricultural Statistics Research Institute develops new techniques for the design of agricultural experiments, analyses data in agriculture, and specialises in statistical techniques for animal and plant breeding. Prof. M. S. Swaminathan is known as "Father of the Green Revolution" and heads the MS Swaminathan Research Foundation. He is known for his advocacy of environmentally sustainable agriculture and sustainable food security.

In terms of manufacturing production, India comes in at number 10. Together, the mining, quarrying, power, and gas sectors, as well as manufacturing, account for 27.6%

of the GDP and employ 17% of the labour force. Economic changes implemented after 1991 increased international competition, privatised certain public sector firms, opened up formerly public sector-reserved industries, and increased production of fast-moving consumer products. In recent years, Indian cities have continued to liberalise, although other areas, like Kochi and Kolkata, continue to have issues with onerous and unnecessary corporate rules.

Post-liberalisation, the Indian private sector, which was usually run by oligopolies of old family firms and required political connections to prosper was faced with foreign competition, including the threat of cheaper Chinese imports. It has since handled the change by squeezing costs, revamping management, focusing on designing new products and relying on low labour costs and technology. Under the Modi Government, various initiatives are taking place like Make In India campaign, to boost the Indian industries. This will help the economy to grow as budding entrepreneurs will open industries and local things will get promoted.

India is fifteenth in services output. Service industry employ English-speaking Indian workers on the supply side and on the demand side, has increased demand from foreign consumers interested in India's service exports or those looking to outsource their operations. India's IT industry, despite contributing significantly to its balance of payments, accounts for only about 1% of the total GDP or 1/50th of the total services.

During the Internet bubble that led up to 2000, heavy investments in undersea fibre-optic cables linked Asia with the rest of the world. The fall that followed the economic boom resulted in the auction of cheap fiber optic cables at one-tenth of their original

price. This development resulted in widely available low-cost communications infrastructure. All of these investments and events, not to mention a swell of available talent, resulted in India becoming almost overnight the centre for outsourcing of Business process. Within this sector and events, the ITES-BPO sector has become a big employment generator especially amongst young college graduates. The number of professionals employed by IT and ITES sectors is estimated at around 1.3 million as of March 2006. Also, Indian IT-ITES is estimated to have helped create an additional 3 million job opportunities through indirect, induced and in helpful manner have created employment.

### **GDP growth rate**

Since the economic liberalisation of 1991, India's GDP has been growing at a higher rate. The following table has been collected from public data archives with data from the World Bank:

Year	Growth (real) (%)
2000	3.841
2001	4.824
2002	3.804
2003	7.86
2004	7.923
2005	7.923
2006	8.061
2007	7.661
2008	3.087



2009	7.862
2010	8.498
2011	5.241
2012	5.456
2013	6.386
2014	7.41
2015	7.996
2016	8.17
2017	7.168
2018	6.982

GDP growth rate is unequal within India. For the year 2015–16, GDP growth rates of Andhra Pradesh (10.99%), Bihar (10.27%) and Madhya Pradesh (10.16%) were higher than Maharashtra (8%), Odisha (6.16%) and Punjab (5.96%).

India consumes the second-largest amount of oil in the Asia-Pacific region behind China. The combination of rising oil consumption and fairly unwavering production levels leaves India highly dependent on imports to meet the consumption needs.

### **Segment of Natural gas**

As per the Oil and Gas Journal, India had 38 trillion cubic feet ( $1.1 \times 10^{12} \text{ m}^3$ ) of confirmed natural gas reserves in 2004. India imports small amounts of natural gas. In 2004, India consumed about  $1,089 \times 10^9 \text{ cu ft}$  ( $3.08 \times 10^{10} \text{ m}^3$ ) of natural gas, the first year

in which the country showed net natural gas imports. During 2004, India imported  $93 \times 10^9$  cu ft ( $2.6 \times 10^9$  m<sup>3</sup>) of liquefied natural gas (LNG) from Qatar.

As in the oil sector, India's state-owned companies account for the bulk of natural gas production. ONGC and Oil India Ltd. (OIL) are the leading companies with respect to production volume, whilst some foreign companies take part in upstream developments in joint-ventures and production sharing contracts (PSCs). Reliance Industries, a privately owned Indian company, will also have a bigger role in the natural gas sector as a result of a large natural gas find in 2002 in the Krishna Godavari basin.

The Gas Authority of India Ltd. (GAIL) holds an effective control on natural gas transmission and allocation activities. In December 2006, the Minister of Petroleum and Natural Gas issued a new policy that allows foreign investors, private domestic companies, and national oil companies to hold up to 100% equity stakes in pipeline projects. Whilst GAIL's domination in natural gas transmission and allocation is not ensured by statute, it will continue to be the leading player in the sector because of its existing natural gas infrastructure.

#### Issues

Corruption in many forms has been one of the pervasive problems affecting India. For decades, the red tape, bureaucracy and the *Licence Raj* that had strangled private enterprise. The economic reforms of 1991 cut some of the worst regulations that had been used in corruption.

More than half of the respondents to a 2005 poll by Transparency International (TI) India said they had personally paid bribes or used their influence to convince others to complete a task in a public office. The loss to the exchequer, an unfavourable business climate, and a rise in the price of government-subsidized services are the main economic effects of corruption. According to a research by TI India, the cost of minor corruption in 11 of the government's fundamental services—including those given by the court, police, and medical care—is estimated to be roughly 211 billion rupees (\$2.6 billion). India still ranks in the bottom quartile of developing nations in terms of the ease of doing business, and compared with China, the average time taken to secure the clearances for a startup or to invoke bankruptcy is much greater.

The Right to Information Act (2005) and equivalent acts in the states, that require government officials to furnish information requested by citizens or face punitive action, computerisation of services and various central and state government acts that established vigilance commissions have considerably reduced corruption or at least have opened up avenues to redress grievances. The 2006 report by Transparency International puts India at 70th place and states that significant improvements were made by India in reducing corruption.

### **Employment Aspects**

India's labour force is growing by 2.5% every year, but employment is growing only at 2.3% a year. Official unemployment exceeds 9%. Regulation and other obstacles have discouraged the emergence of formal businesses and jobs. Almost 30% of workers are casual workers who work only when they are able to get jobs and remain unpaid for the rest of the time. Only 10% of the workforce is in regular employment. India's labour

regulations are heavy even by developing country standards and analysts have urged the government to abolish them.

From the overall stock of an estimated 458 million workers, 394 million (86%) operate in the unorganised sector (of which 63% are self-employed) mostly as informal workers. There is a strong relationship between the quality of employment and social and poverty characteristics. The relative growth of informal employment was more rapid within the organised rather than the unorganised sector. This is also related to the flexibilisation of employment in the organised sector that is suggested by the increasing use of contract labour by employers in order to benefit from more flexible labour practices.

Children under 14 constitute 3.6% of the total labour force in the country. Of these children, 9 out of every 10 work in their own rural family settings. Around 85% of them are engaged in traditional agricultural activities. Less than 9% work in manufacturing, services and repairs. Child labour is a complex problem that is basically rooted in poverty. The Indian government is implementing the world's largest child labour elimination program, with primary education targeted for ~250 million. Numerous non-governmental and voluntary organisations are also involved. Special investigation cells have been set up in states to enforce existing laws banning employment of children (under 14) in hazardous industries. The allocation of the Government of India for the eradication of child labour was US\$10 million in 1995–96 and US\$16 million in 1996–97. The allocation for 2007 is US\$21 million.

## **Conclusion**

During the majority of its independent history, India's economic development was guided by socialist-inspired politicians, including state control of numerous sectors; India's per capita income expanded at just about 1% annualised pace in the three decades after its independence. India has gradually liberalised its economy and expanded its markets since the middle of the 1980s. India has advanced towards a free market economy following more fundamental changes since 1991 and their renewal in the 2000s. The expansion of the service industry, which has continually grown faster than other sectors, has been the main driver of economic growth. According to some, India's growth has followed a distinct pattern, and it may be possible for it to bypass the intermediate industrialization-led period of changing its economic structure. The fact that the economic growth is unemployed has drawn significant criticism. With liberalisation, the Indian private sector—which had previously been dominated by oligopolies of venerable family businesses and depended on political ties to thrive—was exposed to global rivalry, particularly the danger of less expensive Chinese imports. Since then, it has managed the transformation by reducing expenses, modernising the management structure, putting more emphasis on creating new goods, and relying on low-cost labour and technology. The Made In India campaign is one of several efforts being carried out by the Modi government to support Indian industry. As a result, more businesses will establish up in the area and local products will be given more exposure, which will boost the economy.

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