

Emerging Economy – India

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Abstract

All economies are built on the three pillars of production, distribution, and consumption. Because of India's rapidly expanding population, the country's consumers have a constant need for more and more products and services. In order to meet the goals of NITI AYOJ, India did make some changes to its economic policies. The Government of India founded the National Institution for Transforming India (NITI) as a policy think tank to promote the participation of the State Governments of India in the formulation of economic policy and to advance Sustainable Development. This system allows for genuine plans to be formulated at the local level in villages and then aggregated at higher levels. It also takes into account those in our society who could otherwise be left behind by economic growth. It is suggested that strategic and long-term policy and programme frameworks and initiatives be created, with progress and effectiveness being closely monitored. When national and international experts, practitioners, and other partners work together, the resulting knowledge, innovation, and entrepreneurship boost the economy. As it seeks to index water management, education, hospitals, and digital transactions, NITI Aayog has positioned itself as an auditor of the performances of the states.

I. Introduction

India has become the world's sixth-largest economy, pushing France into seventh place, according to the latest World Bank (WB) data for 2017. India's GDP hit \$2.597 trillion in 2017, while France's was at \$2.582 trillion, the development bank said. The United States (US), China, Japan, Germany and the United Kingdom (UK) occupy the top five slots with GDPs of \$19.390 trillion, \$12.237 trillion, \$4.872 trillion, \$3.677 trillion and \$2.622 trillion respectively.

NITI has mobilized its expertise as the 'think-tank' of the government, in areas such as:

- Envisaging a roadmap for revitalizing Indian agriculture and doubling farmer's income
 - Framing of new guidelines for devolution of dedicated funds for SC/ST community
 - National Energy Policy
 - National Nutrition Strategy
 - National Medical Council Bill
 - National Medical Strategy
 - Recommendations on strategic disinvestment of CPSEs
 - Formulation of Model Land Leasing Bill
 - Development support to the North East through North East Industrial Development Scheme (NEIDS)
- 2017
- Employment task force
 - Appraisal of the 12th Five Year Plan
 - Evolving policy on shared and connected mobility
 - Holistic development of Islands

NITI Ayog also drummed achievements in drawing list of loss making public sector units for disinvestment. NITI Ayog has taken upon itself the role to evaluate the performances of the state government on a few of the parameters and come out with ranking on issues of water management, district hospitals, digital transaction index, and education infrastructure. Economic growth should accelerate in FY 2018, thanks to a normalization in cash conditions following the demonetization of November 2016 and fading disruptions from the launch of the Goods and Services Tax in July 2017. There are numbers of such economic reforms which really have changed the paradigm of Indian Economic environment. India's gross domestic product (GDP) at constant prices grew by 7.2 per cent in September-December 2017 quarter as per the Central Statistics Organisation (CSO). Corporate earnings in India are expected to grow by 15-20 per cent in FY 2018-19 supported by recovery in capital expenditure. India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according

to a report by NASSCOM. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors. India's foreign exchange reserves were US\$ 422.53 billion in the week up to March 23, 2018, according to data from the RBI.

The following list gives the latest available gross state domestic product (GSDP) figures for all Indian States and Union Territories at current prices in crores of rupees.

List of Indian states and union territories by GDP

States Union Territories	Rank	Nominal GDP (INR, ₹)
India	6	₹187 lakh crore
Maharashtra	1	₹27.96 lakh crore
Tamil Nadu	2	₹15.96 lakh crore
Gujarat	3	₹14.96 lakh crore
Uttar Pradesh	4	₹14.89 lakh crore
Karnataka	5	₹14.08 lakh crore
West Bengal	6	₹10.49 lakh crore
Andhra Pradesh	7	₹8.70 lakh crore
Telangana	8	₹8.43 lakh crore
Rajasthan	9	₹8.40 lakh crore
Madhya Pradesh	10	₹8.26 lakh crore
Delhi	11	₹8.00 lakh crore
Kerala	12	₹7.73 lakh crore
Haryana	13	₹6.87 lakh crore
Punjab	14	₹5.18 lakh crore
Bihar	15	₹5.15 lakh crore
Odisha	16	₹4.43 lakh crore
Assam	17	₹3.33 lakh crore
Chhattisgarh	18	₹3.25 lakh crore
Jharkhand	19	₹2.82 lakh crore
Uttarakhand	20	₹2.58 lakh crore
Jammu and Kashmir	21	₹1.57 lakh crore
Himachal Pradesh	22	₹1.52 lakh crore
Goa	23	₹70,400 crore
Tripura	24	₹34,368 crore
Puducherry	25	₹32,215 crore
Chandigarh	26	₹31,823 crore
Meghalaya	27	₹27,228 crore
Sikkim	28	₹22,248 crore
Nagaland	29	₹21,488 crore
Manipur	30	₹21,066 crore
Arunachal Pradesh	31	₹20,259 crore
Mizoram	32	₹17,613 crore
Andaman and Nicobar Islands	33	₹6,649 crore

List of Indian Administrative regions by GDP

Zonal councils	Rank	Nominal GDP (INR, ₹)
India	6	₹172 lakh crore
Southern	1	₹55.0 lakh crore
Western	2	₹43.7 lakh crore
Northern	3	₹31.2 lakh crore
Central	4	₹25.9 lakh crore
Eastern	5	₹22.6 lakh crore
North-Eastern	6	₹5.0 lakh crore

The economy of India is a developing mixed economy. It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country ranks 139th in per capita GDP (nominal) with \$2,134 and 122nd in per capita GDP (PPP) with \$7,783 as of 2018. After the 1991 economic liberalisation, India achieved 6-7% average GDP growth annually. In FY 2015 and 2018 India's economy became the world's fastest growing major economy, surpassing China.

With 1.32 billion people and the world's third-largest economy in terms of purchasing power, India's recent growth and development has been one of the most significant achievements. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century. Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green.

A critical problem facing India's economy is the sharp and growing regional variations among India's different states and territories in terms of poverty, availability of infrastructure and socio-economic development. Six low-income states – Assam, Chhattisgarh, Nagaland, Madhya Pradesh, Odisha and Uttar Pradesh – are home to more than one-third of India's population. Severe disparities exist among states in terms of income, literacy rates, life expectancy and living conditions. The five-year plans, especially in the pre-liberalisation era, attempted to reduce regional disparities by encouraging industrial development in the interior regions and distributing industries across states. The results have been discouraging as these measures increased inefficiency and hampered effective industrial growth. The more advanced states have been better placed to benefit from liberalisation, with well-developed infrastructure and an educated and skilled workforce, which attract the manufacturing and service sectors.

India's growth process was on display in recent years when the country recovered quickly from the impacts of two major policy events – demonetization and the implementation of the Goods and Services Tax (GST), an important indirect tax reform. We argue that the deceleration to growth rates below 7 percent between Q3 2016–17 and Q2 2017–18 was an aberration, attributed to temporary disruptions in economic activity as the economy adjusted to demonetization and businesses prepared for the implementation of GST. At present, there are indications that the economy has bottomed out and, in the coming quarters, economic activity should revert to the trend growth rate of about 7.5 percent. We project GDP growth to be 6.7 percent in 2017-18 and accelerate to 7.3 percent and 7.5 percent respectively in 2018-19 and 2019-20.

II. Conclusion

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. India is also focusing on renewable sources to generate energy. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report.

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