

Indian Economic Growth: Managerial Issues

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Abstract

Economic growth is necessary for both the under-developed, developing countries to remove the problems of unemployment, poverty and low standard of living. Adam Smith who is called the father of modern economics attracted the experts towards the economic development. India is having a big economy. Indian economy is the tenth largest economy in the world in terms of gross domestic product. . A report of United Nation has depicted that in 2015 Indian economy will grow at the rate of 6.4 percent. . Due to the slowdown Indian export business with the Russia, Japan and the Middle East will not catch the progress in the way it should be. Permission of FDI in railway, defense and retail sector can increase the employment of youth by improving the growth in manufacture and service sectors. The agriculture sector of the country needs big reforms at this stage.

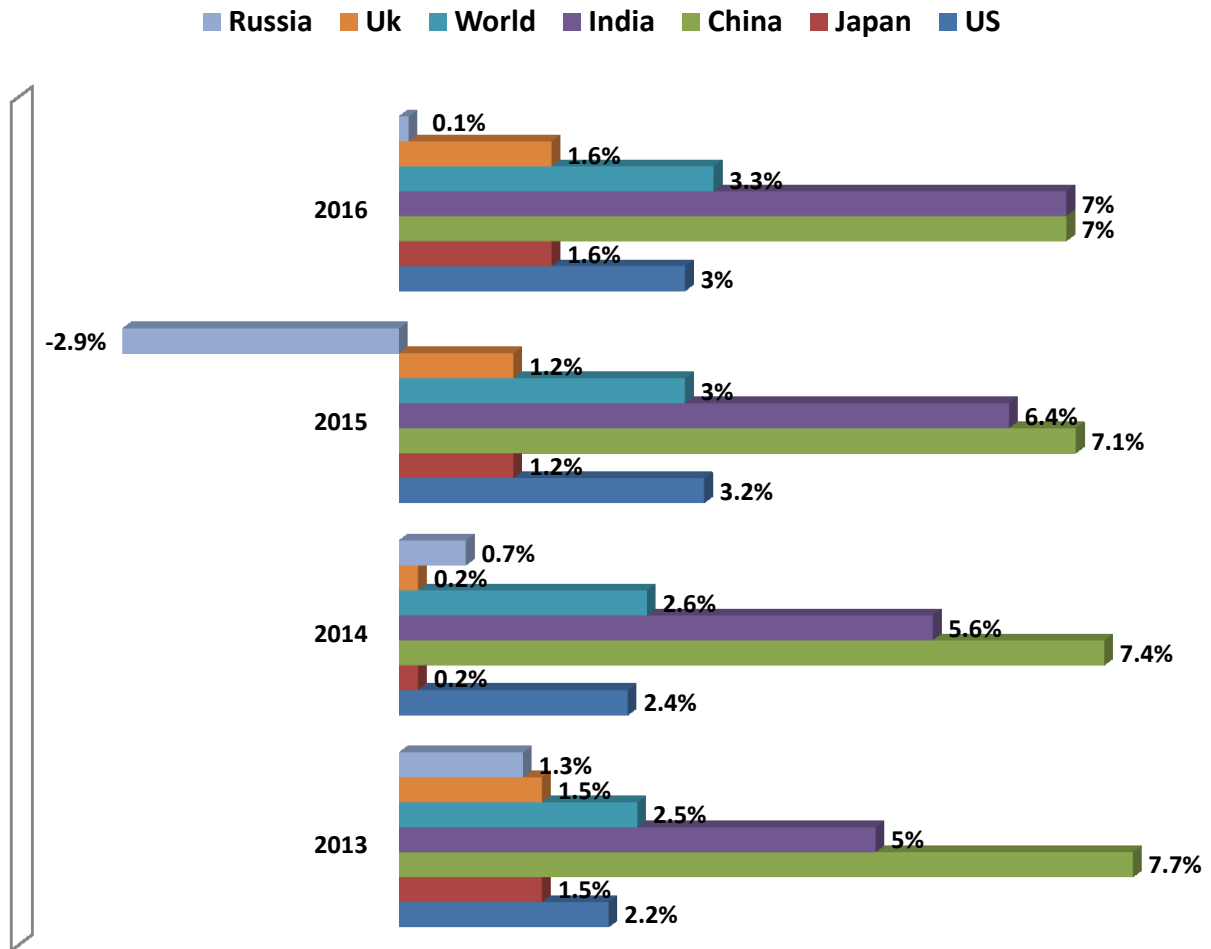
Key Words:

Indian Economy, Global Outlook, FDI, Small Sector, Exports

Indian Economy

India is having a big economy. Indian economy is the tenth largest economy in the world in terms of gross domestic product. In addition, if we consider the purchasing power capacity of the country then our economy occupies third rank all over the world. A report of United Nation has depicted that in 2015 Indian economy will grow at the rate of 6.4 percent. The report has said that the implementation of structural reforms will be the encouraging factors for the growth of the economy of India. World Bank Chief Economist Kaushik Basu has said that falling oil prices and low interest rates will accelerate the growth of the Indian economy in the next year. The World Bank Data reveals that in 2016 India will attain the growth rate of 7% which will be equal to china.

Figure 1: Global Outlook of Growth



Source: World Bank Report: Global Economic Prospectus, January 2015.

The growth rate at world level is expected to grow to 3.3% in 2016 from 2.6 % in the year 2014. The growth of Indian economy is expected to grow as the result of growth oriented policies of new government.

The main growth oriented measure of Indian Government is liberalization in the area of Foreign Direct Investment in the defense, insurance, and railways. Another major area which can be a speedy way for the development of the economy is softening of the prices of petrol and diesel. Deregulation of diesel prices in recent times can be a big

reform towards growth of the country. Chart data are showing that Indian economy will grow at the fastest rate which will be much higher than the economies of China and Japan in coming years.

Need of Economic Growth

Economic growth is necessary for both the under-developed, developing countries to remove the problems of unemployment, poverty and low standard of living. Adam smith who is called the father of modern economics attracted the experts towards the economic development. Marx and Keynes also dealt with such problems prevailed in the Western European economies.

According to Peterson economic growth involves increase overtime in the per capita actual output of goods and services as well as an increase in the economy's capability to produce goods and services.

Objective of the study

Present study aims to identify those problems which are the obstacles in the way of the growth of the Indian economy. In this paper I tried to point out those areas which can be targeted for promoting the integrated growth of the economy in all spheres.

Research Methodology

This study is a general study including the various aspects of economic system of India. This study is not a case study and cannot be applied for the particular case. Data used in this discussion are collected from the secondary sources, which is the main limitation of the present study.

Difficulties in the Way of Management of Growth Oriented Measures

Instability in the rupee is upsetting the Indian business men and economists. Due to this trend foreign investors particularly multinationals can be frightened. This type of trend can put the economy in susceptibility. Fiscal deficit can be demotivating factor for the business society. Fiscal deficit has increased 98.9 percent of the budgeted total in December 2014. In next year economy growth is projected at 6.4 percent which is not enough for the balanced oriented view. Decreasing oil prices may increase problems in the exports of the country. International markets are in the wave of slowdown. Due to the slowdown Indian export business with the Russia, Japan and the Middle East will not catch the progress in the way it should be.

Three sectors of our economy viz financial, foreign investment and retail sectors are the more affected sectors due to global slowdown. Increasing imports year by year has become an acute problem in the way of progress. Insufficient production in the agricultural and increasing cropping costs

has become a big problem. Land productivity is decreasing due to excessive use of pesticides and fertilizers. Another big challenge is decreasing water level due shortage of rainfall.

Unemployment is another big problem which cannot be ignored. Every month 10 lakh new entrants join the workforce in our country. Indian workforce lacks skills according to the new competitive environment. According to the Annual Survey of Industries job growth in India is in the slowdown. Global slowdown may hamper the service sector also because this sector depends largely on global market demand.

Small scale industries of the nation are suffering acute competition at international level due to traditional setup, lack of technology, lack of capital, lack of efficient work force and competition at international level mainly from china which is the obstacles in the way of Prime minister's "Make in India" dream.

Discussion

All these obstacles in the way of growth can be tackled with the more dedication and orientation on various obligatory areas. Permission of FDI in railway, defense and retail sector can increase the employment of youth by improving the growth in manufacture and service sectors. The agriculture sector of the country needs big reforms at this stage. Fifty two percent of the population is engaged in the farm sector. This sector is suffering from decreasing rainfall, lack of fertilizers, lack of credit and lack of modernization of cultivation methods. Indian workforce needs training for attaining skills and efficiency in the working. It has become necessary to save the small sector from China. The sector contributes 40% to 50% of the Indian Exports.

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