

# ***THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT***

## **Development of Indian Economy - Challenges and Opportunities**

**Dr. Harish Singh**

Professor, Faculty, Maharaja Surajmal Institute, Affiliated to GGSIP University, New Delhi, India

**Dr. Alka Mittal**

Faculty, Maharaja Surajmal Institute, Affiliated to GGSIP University, New Delhi, India

**Dr. Preeti Malik**

Faculty, Maharaja Surajmal Institute, Affiliated to GGSIP University, New Delhi, India

**Dr. Rajeev Dahiya**

Faculty, Maharaja Surajmal Institute, Affiliated to GGSIP University, New Delhi, India

**Dr. Renu Tomar**

Assistant Registrar, Guru Gobind Singh Indraprastha University, Sector 16 c, Dwarka, New Delhi, India

### **Abstract:**

*The given paper (explorative-cum-descriptive in nature) covers briefly how the eight main factors affect the five main problems, i. e.*

1. *Poverty*
2. *Unemployment & Underemployment*
3. *Wide disparities in personal incomes*
4. *Wrong philosophy of life & the long spell of foreign rule/Minority rule and*
5. *Corruption in every form*

*The Father of the Nation, Gandhiji had seen Independence as an opportunity to wipe the tear from every eye and Shri Nehru's 'Tryst with Destiny' has turned out to be 'a date with despair'. It is an empirical research based upon the secondary data collected through study of various academic works in the relevant field.*

**Keywords:** *Agriculture produce, capital starvation, collective planning, cooperatives, deprivation infrastructure, land reforms, malnutrition, productivity, proprietorship, purchasing power*

### **1. Introduction**

The given eight factors affect the five main problems of India since Independence, i.e. Poverty, Unemployment & Underemployment, Wide disparities in personal incomes, Wrong philosophy of life & the long spell of foreign rule/Minority rule and Corruption in every form, directly or indirectly:

1. Promotion of Democracy
2. Avoidance of Widening Income Disparities
3. Trusteeship: The Middle Path of Self Employment
4. Empowerment: A multidimensional approach to poverty reduction
5. Concrete Measures for Employment
6. Service Sector
7. Radical Changes in power structure
8. Epilogue (Caste System and Population Control)

We will briefly discuss the factors one by one.

### **2. Factor 1: Promotion of Democracy**

For promotion of democracy, both education and market economy should be analysed effectively.

(A) Education:

1. Increases the benefits of political activity because it increases human capital
2. Lowers the costs of political activity because the citizens are better able to make decisions
3. Lawmakers have schools inculcate democratic values in order to have the students support their system

## 4. Education affects socialization equally, including its manifestation in politics

(B) Market economy is all set to play a crucial role in this context in India in the foreseeable future.

India Should Monitor Elections at Local, Intermediate And National Level Keeping Education and Present Market Economy In Mind So That Policies Are Framed In The Right Direction

## 3. Factor 2: Avoidance of Widening Income Disparities

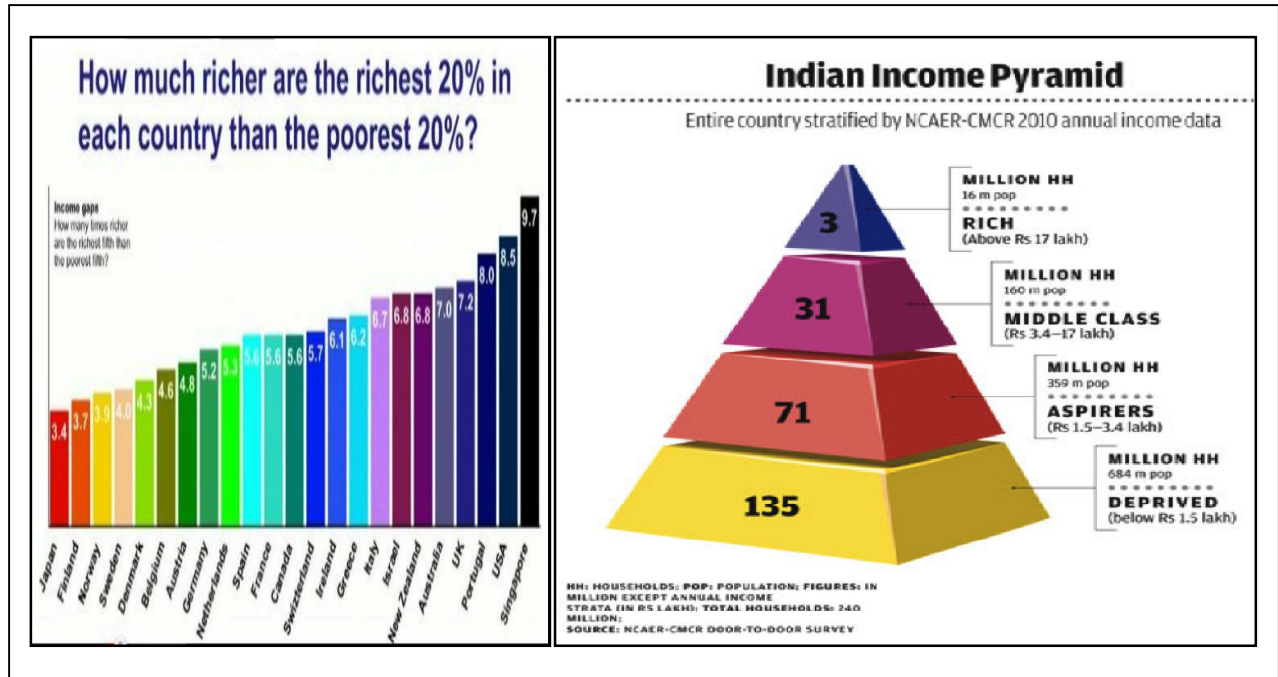


Figure 1

135 Million Indian Population is below poverty line earning less than Rs. 1.5 lakhs annually whereas only three million population is in the rich class earning above Rs. 17 lakhs. There is a wide gap between rich and poor which need to be bridged.

## 4. Factor 3: Trusteeship: The Middle Path of Self Employment

Gandhiji concept of Trusteeship: Owner of wealth-care taker

As wealth creation requires special skills and instinct, so special abilities need to be honoured and money should be distributed equally, not in the hands of few.

## 5. Factor 4: Empowerment: A Multidimensional Approach to Poverty Reduction

Society for Development and Community Empowerment (SDC) should conceptualizes empowerment so that disadvantaged persons are empowered to exercise their rights, obtain access to resources and participate actively in the process of shaping society and making decisions.

Poverty Is Not Only About Low Incomes, But Also Emanates From Social Exclusion And The Lack Of Access To Power, Voice And Security.

## 6. Factor 5: Concrete Measures for Employment

There are emerging signs that rapid growth can result in shortage of high quality skills needed in knowledge intensive industries. One area of concern is that India is losing edge on the tracking of the pure sciences. To continue competitive advantage and ensure a continuous supply of quality manpower, we need large investments in public sector institutions of higher learning. This should be accompanied by:

1. Fundamental reform of the curriculum as well as service conditions to attract a dedicated and qualified faculty.
2. Skill improvement is one of the important things needed in active labour market policies.
3. Expanding capacity through private sector initiatives in higher learning needs to be explored while maintaining quality.
4. Conditions of work and promotion of livelihoods are important for raising the incomes of youth workers.
5. Since majority is in the informal sector, protective measures are also required. Minimum Level of Social Security like life insurance, health insurance has to be given to unorganized workers.
6. Self help groups and micro finance institutes should be encouraged for livelihood promotion.
7. Cluster development should be undertaken for improvement in productivity of self employed.

8. Existing self employment programmes (e.g. Prime Ministers Rozgar Yojana and wage employment programmes (National Rural employment Guarantee Scheme) should be strengthened.  
Employability of youth has to be increased through skill development and vocational training

**7. Factor 6: Service Sector**

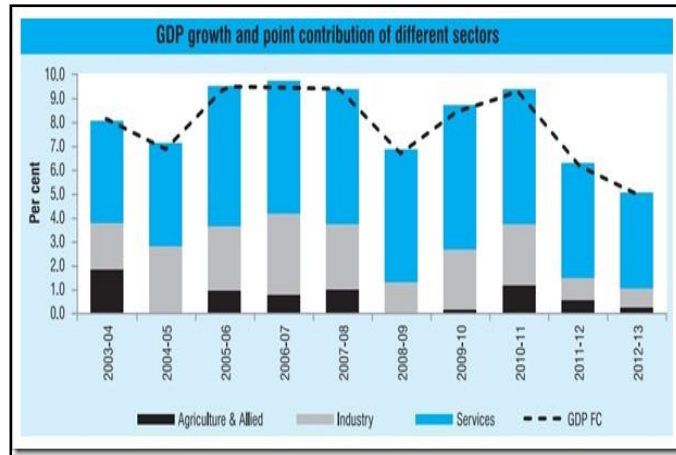


Figure 2

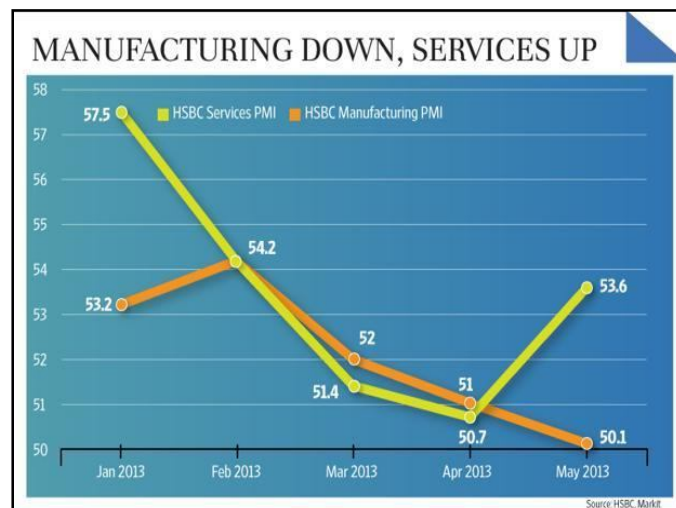


Figure 3

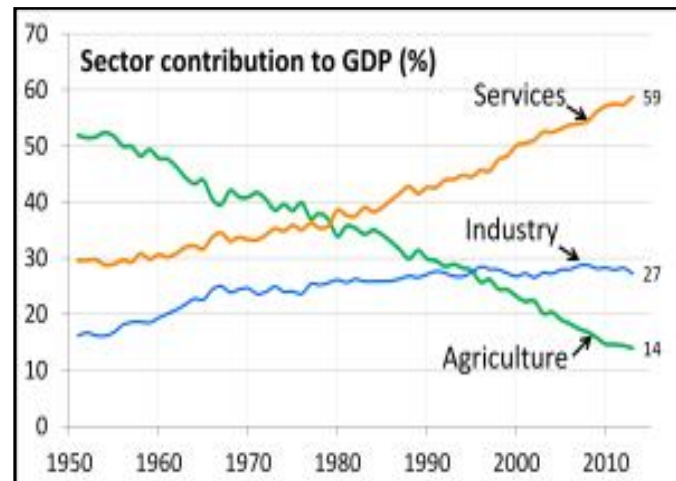


Figure 4

Service Sector is the main driver of growth of the Indian Economy. The share of Agriculture in GDP is decreasing continuously where as share of Service Sector is growing continuously. To increase employment Government needs to focus on the Service Sector.

**8. Factor 7: Radical Changes in Power Structure**

A sociological understanding of local political processes and the local power structure is a relative rarity in the India context. A particular gap in this regard is the interplay of political dynamics at the local level and its interaction with the state and wider actors. In the past it was dominated by institutions of lineage, Samaj and Union Parishad, and was anti poor – in all aspects.

On the other hand leaders in recent times are younger in age, educated, members of non-influential goshi, and they have good economic standing based on business and affiliated in the development programs and to implement these programs they maintained link with their higher ups and have had more personal qualities and they maintained a good link with major political parties.

So, the new power structure is pro-poor. The techniques of the rural elite to build and maintain power also diversified, such as constructing business associations, building party networks and involving with non-government organizations etc. NGO

**9. Factor 8: Epilogue**

*9.1. Caste System*

India is socially differentiated through class, religion, region, tribe, gender, and language. This Caste system. sole basis of systematic ranking and unequal access to valued resources like wealth, income, power and prestige. The Indian caste system has played a significant role in shaping the occupations and roles as well as values of Indian society.

The present Indian society is moving from its closed systems towards a state of change and progression marked by the assertion of the human spirit irrespective of castes and creeds Numerous movements challenging the injustices associated with the caste system have encouraged individuals in India to be more civil towards other caste members.

*9.2. Population Control*

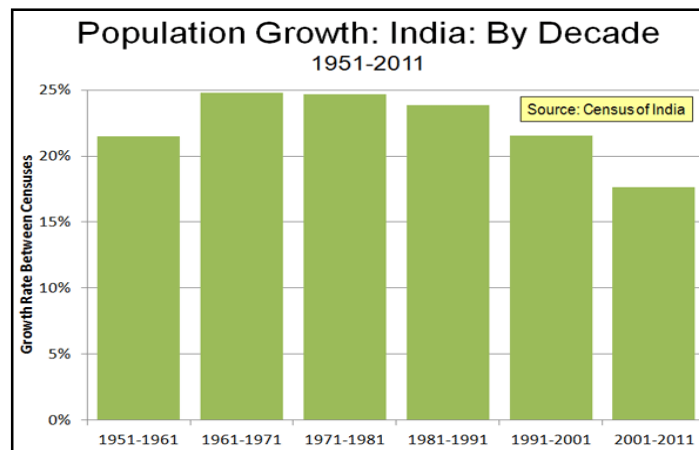


Figure 5

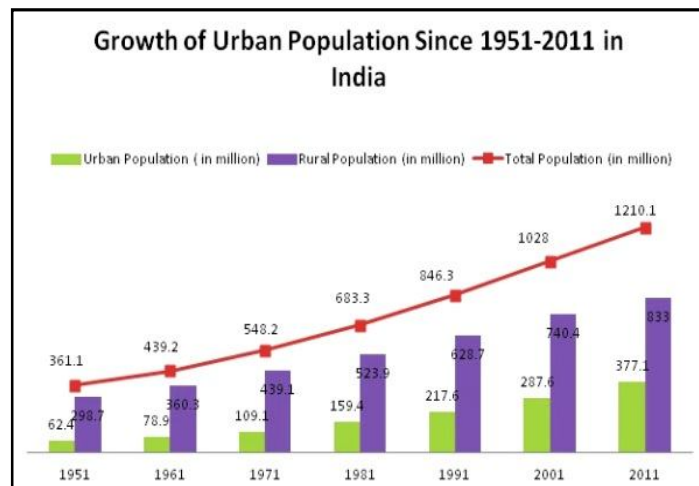


Figure 6

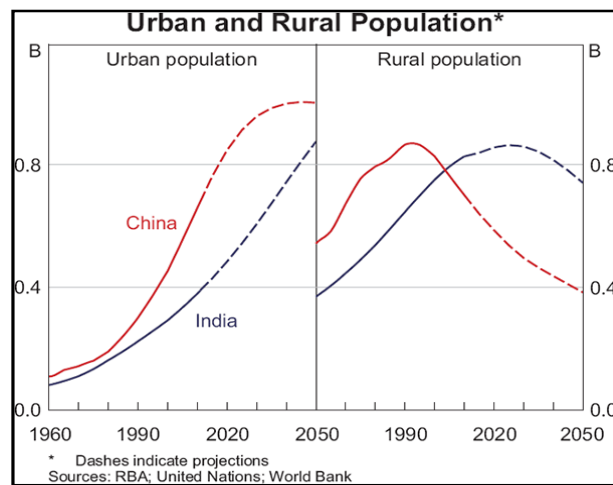


Figure 7

The growth rate of population has decreased but at the same time the share of urban population in the overall population has increased whereas the share of rural population has decreased. This is indicating rapid urbanization of traditionally agrarian Indian Population.

## 10. Conclusions and Recommendations

1. India could be better and more expeditiously served by agriculture which provides food and clothing and domestic or small scale technology which requires an increase and not a reduction in manual labour, uses the simplest device or equipment and is based on purely local materials and local talent. Agricultural land, rivers, mines and forests are forms of national wealth, ownership of which must vest absolutely in the people of India collectively.
2. Increasing disparities in income and emergence of monopolies on the one hand and increasing unemployment on the other are largely the result of increasing mechanization and automation of manufacturing industries, construction and services-emphasis on capital intensive projects and industries on the one hand and neglect of cottage industries and other labour intensive enterprises on the other.
3. The norms of Non-Interference and Independence of Democratic Governance, which have been watchwords of traditional Indian foreign policy, are still regarded as guiding principles in the protection of national interests.
4. Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one.
5. The relationship between caste and hereditary occupations has become less significant now, and there are fewer restrictions on social interaction among castes, especially in urban areas
6. Centralization of industrial production that has led to concentration of economic power and unemployment and it is unemployment that has led to poverty.
7. The sense of responsibility should come from within every individual. While the educated male should change his attitude towards his female counterpart, granting her the dignity which is of use to her, there is also an urgent need to change the status of the millions of underprivileged, illiterate women who are discriminated.

## 11. References

- i. "India". International Monetary Fund. Retrieved 2013-04-16.
- ii. "Child Labour in India". World Bank. Retrieved 2011-11-21.
- iii. "Report on Employment & Unemployment Survey (2009–10)". Bureau of Labour Statistics, Indian Government. 8 October 2010. Retrieved 2011-01-17.
- iv. "India – New Global Poverty Estimates". World Bank. Retrieved 2012-07-10.
- v. "RBI Weekly Statistical Supplement". RBI. Retrieved 2012-08-24.
- vi. "Country and Lending Groups". World Bank. Retrieved 2011-11-20.
- vii. "India's efforts to prevent capital flight backfire". 16 August 2013.
- viii. "India's surprising economic miracle". The Economist. 30 September 2010. Retrieved 2010-09-30.
- ix. "Economic survey of India 2007: Policy Brief" (PDF). OECD. Retrieved 2009-06-21.
- x. "The Bird of Gold – The Rise of India's Consumer Market". McKinsey and Company. May 2007.
- xi. Economic Survey 2010, p. 180.
- xii. "India – Land and Water Resources at a glance". Central Water Commission, Government of India. Retrieved 2010-11-18.
- xiii. "State-Wise Details of Net Irrigated Area (NIA), Net Sown Area (NSA) And Percentage of NIA To NSA". Ministry of Water Resources, Government of India. Retrieved 2010-11-18.
- xiv. "India's Position in World Agriculture". Agricultural Statistics at a Glance 2010. Ministry of Agriculture, Government of India. Retrieved 2010-11-18.
- xv. "Major Food And Agricultural Commodities And Producers – Countries By Commodity". FAO. Retrieved 2009-12-12.

- xvi. "CIA – The World Factbook – India". CIA. 20 September 2007. Retrieved 2007-10-02.
- xvii. "Infrastructure Rankings". CIA. Retrieved 2011-01-17.
- xviii. "Annual report 2010–2011,". Ministry of Road transport and highways. Retrieved 2012-02-07.
- xix. "Transportation: India". World Bank. Retrieved 2012-02-13.
- xx. Srinivasan, T.N. (2002). Economic Reforms and Global Integration (PDF). 17 January 2002. Economic Growth Center, Yale University. Retrieved 2009-06-21.
- xxi. "Imports and Exports Databank". Ministry of Commerce and Industry, Government of India. Retrieved 2010-04-05.
- xxii. "India's Foreign Trade: November 2010". Press Release. Ministry of Commerce and Industry, Government of India. 3 January 2011. Retrieved 2011-01-11.
- xxiii. "India's exports continue to fall". BBC News. 1 July 2009. Retrieved 2010-04-05.
- xxiv. Neelabh Chaturvedi (27 August 2009). "India Cuts Export Aim, Seeks Solace in New Markets". The Wall Street Journal. Retrieved 2010-11-15.
- xxv. "Poverty reduction and equity (2010)". World Bank. July 2012. Retrieved 2012-07-11.
- xxvi. "Child malnutrition in India – Putting the smallest first". The Economist. 23 September 2010.
- xxvii. "India Statistics". UNICEF, United Nations. 2011.
- xxviii. Nikhila Gill (4 March 2012). "Extreme Poverty Drops Worldwide". The New York Times.
- xxix. Tom Wright and Harsh Gupta (29 April 2011). "India's Boom Bypasses Rural Poor". The Wall Street Journal.
- xxx. "Indian rural welfare – Digging holes". The Economist. 5 November 2011.
- xxxi. James Fontanella-Khan and James Lamont (29 February 2012). "Rural India enjoys consumption boom". The Financial Times.
- xxxii. "India Country Overview 2008". World Bank. 2008. Retrieved 2011-01-17.
- xxxiii. "India: Priorities for Agriculture and Rural Development". World Bank. Retrieved 2011-01-08.
- xxxiv. Sachs, D. Jeffrey; Bajpai, Nirupam and Ramiah, Ananthi (2002). "Understanding Regional Economic Growth in India" (PDF). Working paper 88. Harvard University. Archived from the original on 1 July 2007.
- xxxv. Datt, Riddar; Sundharam, K.P.M. (2011). Indian Economy. New Delhi: S. Chand Group. p. 976. ISBN 978-81-219-0298-4.
- xxxvi. Alamgir, Jalal (2008). India's Open-Economy Policy. Routledge. ISBN 978-0-415-77684-4.
- xxxvii. Bharadwaj, Krishna (1991). "Regional differentiation in India". In Sathyamurthy, T.V. Industry & agriculture in India since independence. Oxford University Press. pp. 189–199. ISBN 0-19-564394-1.