

A study of India's growing economy for make in India

Dr. Pravin M Deshmukh

Professor in Commerce, R.D. I. K. and K. D. College, Badnera, Amravati, Maharashtra, India

Abstract

India is the fastest growing large economy in the world— an impressive position it has held since it overtook China in the year 2015. According to IMF, it is set to retain this status till 2020. The IMF has kept projections for India's growth in 2016-2017 at 7.5%, which is remarkable since there has been a forecast of the global growth predicted at 3.4% in 2016 and 3.6% in 2017, as reported by the national daily, The Hindu. India is also the third-largest economy in the world regarding its purchasing power parity according to the World Bank with the GDP of over USD 2.1 trillion. It was named amongst the top 10 Foreign Direct Investment (FDI) destinations in 2015. The country is home to the 2nd largest English-speaking population in the world after the United States. India's smart phone users are numbered at over 220 million, making it the second-biggest smart phone market regarding active unique smart phone users, surpassing even the US market. India is also making headway in media with over 100,000 registered publications and 800 television channels. Looking at these statistics, one cannot deny that India has an incredible potential to rise as an economic power with a prosperous future. A decade-long study by Harvard University's Centre for International Development predicts the country's GDP will continue to expand at an average of over 7% which means nominal GDP will nearly double to around USD 4.50 trillion (at current exchange rate) in 2025. India's purchasing power parity in 2025 will thus be around USD 15 trillion by a similar calculation. It is also set to be the 5th largest consumer market by the same year. "Never before have there been so many young people. From the study it is concluded that with the country already witnessing an increase in FDI by nearly 44% since the launch of such initiatives, India seems on its way to achieving its stated target with the government leading the way. 'Make in India' is the proof that the nation is willing to embrace growth by adopting changes on the journey to becoming an economic superpower.

Keywords: economy, GDP, FDI, IMF, digital, skill

Introduction

India is the fastest growing economy in the world today – an impressive position it has held since it overtook China in the year 2015 with the International Monetary Fund (IMF) predicting that India is likely to retain this status till 2020. With the Gross Domestic Product (GDP) of the country growing at more than 7% since 2014, the IMF has kept projections for India's growth in 2016-2017 at 7.5%, which is remarkable since there has been a forecast of the global growth predicted at 3.4% in 2016 and 3.6% in 2017, as reported by the national daily, The Hindu. India is also the third-largest economy in the world regarding its purchasing power parity according to the World Bank with the GDP of over USD 2.1 trillion. It was named amongst the top 10 Foreign Direct Investment (FDI) destinations in 2015.

The country is home to the 2nd largest English-speaking population in the world after the United States. It also has the largest youth population in the world at 650 million with more than half the population below 25 years of age. This demographic is arguably India's greatest strength. As United Nations (UN) report stated, 'developing countries with large youth populations could see their economies soar, provided they invest heavily in young people's education and health and protect their rights.' Furthermore, India's smart phone users are numbered at over 220 million, making it the second-biggest smart phone market regarding active unique smartphone users, surpassing even the US market. India is also making headway in media with over 100,000 registered publications and 800 television channels.

Looking at these statistics, one cannot deny that India has an incredible potential to rise as an economic power with a prosperous future. A decade-long study by Harvard University's Centre for International Development predicts the country's GDP will continue to expand at an average of over 7% which means nominal GDP will nearly double to around USD 4.50 trillion (at current exchange rate) in 2025. India's purchasing power parity in 2025 will thus be around USD 15 trillion by a similar calculation. It is also set to be the 5th largest consumer market by the same year. "Never before have there been so many young people. Never again is there likely to be such potential for economic and social progress. How we meet the needs and aspirations of young people will define our common future." mentions the UN report. Thus, it is crucial to make several reforms and introduce the right type of policies to maintain the current trajectory

Objective

- To study GDP growth in India
- To study government role for make in India

Steps taken by the Government

The government of India has already taken several steps for some much-needed change in the country. Numerous national developmental projects have been launched in the recent years which cover a wide array of sectors to initiate economic reform as well as target social change. Complementary to 'Make in India' that aims to promote the 25 sectors identified for investment in manufacturing, the government has also

launched progressive initiatives like:

- **Digital India:** The initiative will connect rural areas with high-speed internet networks, boost electronics manufacturing, transforming India into a digitally empowered society and knowledge economy.
- **Start up India:** The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to growth of Start-ups.
- **Skill India:** An initiative will aim at encouraging the development of skill force across India by including the National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme. Over 400 million people will be trained in various skills by 2022.
- **Pradhan Mantri Jan-Dhan Yojana (PMJDY):** This program plans to ensure access to different financial services like availability of basic savings bank account, access to need-based credit, remittances facility, insurance and pension to the classes in society that economically-challenged.
- **Smart City:** This is an urban renewal and retrofitting program with a mission to develop 100 cities all over the country making them citizen friendly and sustainable.

India ranked low on the World Bank's report of 'Ease of Doing Business', having been cited to have a myriad of regulations and bureaucratic red tape. But with the recent changes brought by the government, it has risen by 12 ranks to 130 in the last 2 years. The government aims to be in the top 50 ranks by next 3-4 years. Measures have been taken accordingly to cut down 'red tape and to lay down the red carpet', by diminishing human interface and make the system efficient with technology. Furthermore, the introduction of Insolvency & Bankruptcy law will help in speeding revival and closing of companies. Other initiatives include labour reforms and the launch of an E-Biz platform along with the assessment of State Implementation of Business Reforms. The idea is to enforce administrative and procedural changes, which will create a conducive environment for setting of new business and improving confidence amongst investors. Simplification of procedures and rules will save the industry time and costs, which will also improve competitiveness for numerous sectors.

Conclusion

From the study it is concluded that with the country already witnessing an increase in FDI by nearly 44% since the launch of such initiatives, India seems on its way to achieving its stated target with the government leading the way. 'Make in India' is the proof that the nation is willing to embrace growth by adopting changes on the journey to becoming an economic superpower.

References

1. Dr. Rajendra kumar C. Research Methodology, APH Publishing.
2. Kothari CR. Research Methodology – Methods & Techniques, New Age International Publishers, New Delhi, 2004.
3. <http://www.ibtimes.co.uk/india-surpasses-china-become-fastest-growing-economy-world-1542725>

4. http://articles.economictimes.indiatimes.com/2016-05-04/news/72832025_1_gdp-growth-growth-forecast-regional-economic-outlook
5. The Hindu, January 2016
6. <http://www.livemint.com/Politics/xziKtmtOxBJntZb41p2hDL/India-GDP-seen-surgling-74-in-data-that-has-puzzled-economi.html>
7. <http://www.thehindubusinessline.com/news/india-has-worlds-largest-youth-population-un-report/article6611138.ece>
8. <http://www.thehindu.com/news/cities/mumbai/business/with-220mn-users-india-is-now-worlds-secondbiggest-smartphone-market/article8186543.ece>
9. <http://businessworld.in/article/Harvard-Study-Places-India-On-Top/26-01-2016-90622/>
10. <http://www.thehindu.com/news/national/india-moves-up-in-world-bank-doing-business-2016-ranking/article7811248.ece>