ADVANCE ECONOMIC THEORY

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BOOKS ARCADE
KRISHNA NAGAR, DELHI

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CHAPTER 1
EXPLORING THE COMPLEXITY OF DEVELOPMENT: GROWTH, INEQUALITY AND STRATEGIES

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ABSTRACT:

This paper examines a number of development-related topics, stressing the differences between "growth" and "development" as well as numerous methods for attaining economic development. It covers the crucial issues of poverty and inequality as well as the responsibilities of markets and governments in development. It also covers the shift from import substitution to export-oriented tactics. In addition to emphasising the need for inclusive growth, the report contends that inequality reduction is crucial for sustainable development. In order to promote comprehensive development, it emphasises the need of taking regional differences into account and putting these concerns into practise.It is crucial that inclusive growth and disparity reduction be given top priority in development initiatives since poverty and inequality continue to be severe barriers to progress. According to recent data, eliminating income disparity not only promotes moral responsibility but also sustains economic development.The report also highlights the importance of regional variances within nations and the need for customised strategies to address these variations. One-size-fits-all strategies may not be able to address the varied developmental issues that different areas experience.This study essentially emphasises the need of taking an all-encompassing and inclusive approach to development. Development should be evaluated in terms of social, environmental, and regional factors as well as economic indices. In the complex and changing environment of the contemporary world, policies that support fair growth, combat poverty, and address disparities are crucial to achieving the goal of comprehensive and sustainable development.

KEYWORDS:

Development,Economic Development, Growth, Inequality, Strategies.

INTRODUCTION

Students in various social science areas are also interested in learning about approaches to development. Politicians and decision-makers are also concerned about it. Due to the lack of agreement on the precise parameters that should define its borders, it may be both an interesting and frustrating topic. In light of this, the current unit examines some of the development-related topics where there is a solid agreement. The section begins by defining growth and development before delving into the question of "why growth alone is not enough." The multiple paradigms of development are then related to the idea of "structural adjustment" in the context of reforms in the section on "approaches to development." Readers are made aware of the ongoing issues with Indian development planning via an explanation of development-related worries and obstacles (such as poverty, inequality, unemployment, and regional inequities). The class also discusses some brand-new aspects of development including human development and sustainable development.

Growth And Development Are Different

Typically, "growth" and "development" refer to the same thing. Gross Domestic Product (GDP) or simply per capita income is often used to measure growth and development. The standard of life of the populace as a whole is anticipated to rise in response to an increase in per capita GDP.However, 'growth' and 'development' do not have the same meanings when used strictly. Understanding the distinction between 'growth' and 'development' is crucial to comprehend the intricacy of issues related to development. First, "growth" refers to a gain in per capita GDP, which is a short-term phenomenon and is assessed in terms of yearly changes. The word "development" refers to the long-term trends in per capita income changes. Second, growth emphasises the final result of economic activity, i.e. per-person income. Development includes both the underlying structural change processes and changes in per capita income. Because of this, growth is seen as a limited idea whereas development is a more expansive one. Growth plus something more that cannot be measured only by increases in per capita income is what is meant by development[1], [2].

Third, growth is calculated as a "average" by dividing total national income by the whole population. Growth is based on per capita income. By slowing down population growth, one may boost growth in per capita income! That is not progress. Since per capita income is a "average," its rise alone does not guarantee that individuals are improving. A tiny percentage of the population, the affluent, may be becoming wealthier, while the majority of the population, the poor, may not be benefiting in any manner. Before it is possible to make a firm judgement regarding the overall degree of development, the distribution of income brought about by growth must be taken into account.Fourth, growth expressed as a percentage of per capita income is an accounting concept. Its foundation is market valuation, which often undervalues non-market activities that significantly advance progress. Fifth, growth expressed as increases in per capita income only reveals what one possesses, not what one gains from it. People's talents here have an impact on development in a way that growth measured in terms of per capita income cannot.

Finally, there is rising concern for sustainable development in the context of global change. Increases in per capita income are often linked to the damaging impacts of environmental degradation and the depletion of nonrenewable resources. In other words, these detrimental consequences on development are not apparent via growth.The UNDP Human Development Report, published in the 1990s, made clear that development alone is not desirable in the following ways. The following five kinds of growth processes should be avoided: (1) Jobless growth, which denotes a growth process that does not increase employment possibilities or that reduces those that already exist; (2) Ruthless growth, which denotes a growth profile that exacerbates systemic disparities; (3) Ruthless growth with a focus on efficiency; (4) Ruthless growth with a focus on efficiency; and (5) Ruthless growth with a focus on efficiency.

Futureless growth, which alludes to a growth paradigm that undermines sustainability through environmental degradation; Voiceless growth, which alludes to a growth process that does not increase the empowerment of the underprivileged sections of society; and (5) Rootless growth, which alludes to a growth process that obliterates a society's cultural roots and traditional ways of life. According to the view described in the preceding paragraph, concentrating just on growth may be counterproductive to the objective of attaining development in a holistic way.

Arrangements For Development

There are several methods for accomplishing economic development as a goal. The strategies call for a certain institutional setting for conducting economic activity. Markets and

governments are two broad entities that are supposed to support economic activity. The methods for development that include the state and the market to varying degrees are described in the sections that follow[3], [4].

Market-Based Strategy

When markets are fully established and properly competitive, resources are utilised to their fullest potential while reducing costs and increasing profits. Price cues, including profits, encourage investment for a quicker rate of development. Therefore, a strategy for accelerating accumulation and expansion is considered as flawless operating markets devoid of any interference. But in the post-World War II period, when the majority of the former colonies gained independence and began the process of development, these nations confronted significant market gaps since many of these economies were undeveloped. The 'subsistence sectors' stood out the most for the lack of marketplaces. There were various sectors of public good development where there was no market but a critical public need. As a result, the majority of these developing nations looked to the state as a necessary condition for the process of development.

State and planning's part

Early development authors underlined the importance of the state playing a significant part in the production process. There was a need for a significant push in investment in developing nations with subsistence agriculture, inadequate industrialization, bad infrastructure, significant underemployment, low income, savings, and investment. Due to low savings rates and the underdeveloped status of the markets, the private sector lacked both the motivation and capacity to play the role of investor. In order to transform subsistence agriculture into agriculture with higher productivity, the state was therefore required to invest heavily in planned investment across a variety of sectors, including infrastructure and industry.

DISCUSSION

This included funding irrigation infrastructure, agricultural research and development, as well as services for agricultural extension. As a result, the public sector took increasing prominence in India, at least until 1991, in order to provide quicker development in the economy's key sectors. Railways, electricity, telephones, highways, and shipping were among these major industries. There was also some investment in social industries like education and health. The proponents of state intervention were doubtful that the market could bring about the needed economic transformation in important areas, but they believed that a deliberate mobilisation and allocation of resources to the public sector might.

However, more recently, the public sector has lost favour with policymakers due to red tape, corruption (rent-seeking), inefficiency, and losses brought on by state involvement. There has been a trend to minimize the role of the state based on these considerations. Some continue to contend that the government's role should not be minimized, notably in the fields of infrastructure, health, education, and fostering an atmosphere conducive to entrepreneurship.

Mixed Economy Strategy

The mixed economy combines the market and the state as a foundation for growth. Together with state business, private enterprise must coexist in this situation. The key components of both capitalism and socialism are combined in a mixed economy. Various activities are carried out by capitalist businesses with a self-interest and profit motivation. Public sector production coexists with social and production sectors while operating without a profit-driven agenda. The mixed economy of India is seen as an excellent example. According to the

Indian Constitution's Directive Principles of State Policy, the State must conduct its policies to ensure a more equitable distribution of the ownership and management of the community's material resources and to avoid the concentration of wealth in the hands of a select few. The state enters the industries of production and distribution as a result of this duty. In India, the planned development strategy is likewise based on a mixed-economy model with a cohabitation of the public and private sectors, each of which has a defined function determined by the government. Initially, the public sector was given the lead role in planned development, with the private sector's job being to support the public sector's efforts.

The private sector's economic space has significantly increased since the adoption of economic reforms in 1991, whereas the public sector's economic space has decreased. The private sector now dominates practically all economic sectors, which often calls into question the constitutional priority given to the government in the Indian economy. As a result, the core of India's mixed-economy strategy has changed from a state in control of the commanding heights of the economy to a state with a very minimal role that leaves the market in charge of the commanding heights[5], [6].

Integrated Growth

In the 'Approach Paper' of the Eleventh Five Year Plan, "inclusive growth" is mentioned as an official development policy for the first time in India. However, India's planning approach has included the idea of "growth with justice" or "growth with equity." The fundamental tenet of "growth with justice" has been that, in an economy with glaring inequities in wealth and assets, expansion of the national product without intervention would lead to the persistence of inequalities. Here, the focus is on distributional fairness. Since one of the goals of development, in addition to growth, is to reduce disparities, it has been seen important that the growth plan itself include adequate institutional frameworks to guarantee fair distribution of the benefits of growth. The state is expected to have a significant role in the productive sectors as well as in the regulation of production and distribution in an institutional framework for development with equal distribution.

Methods for development

Economic reforms required a structural shift away from the state's disproportionate influence on the economy and towards the market forces, which are now becoming more significant. A market-driven economic system is likely to place less of a priority on social fairness and more of a focus on prosperity. There has thus been a need for "structural adjustment with human face"—"human face" denoting equality and improved empowerment—since the early stages of economic change. India's experience with economic reforms has shown a comparatively high growth rate. However, there has been a modest pace of poverty reduction, little job growth, a rise in rural-urban disparities, social group disparities, and geographical disparities. Farmers experienced a great deal of suffering as a result of the disregard to agriculture. During the reform era, the pace of decrease in newborn mortality has slowed. Unprecedented affluence was provided to a tiny portion of the population by the high growth rates that were driven by the expansion of services, information and communication technology, international commerce, foreign currency reserves, financial markets, etc. However, a substantial portion of rural and unorganised India has been left out of this wealth. Regions, socioeconomic and marginal groups, women, minorities, and children have all experienced social isolation. The Eleventh Five Year Plan's Approach Paper proposes moving "Towards Faster and More Inclusive Growth" in this context. It admits that the economic expansion, especially after the mid-1990s, has not been adequately inclusive. The

Eleventh Plan seeks to restructure policies in order to promote more inclusive and broadly based development.

Role Of Trade and Trade Strategies

Early theories of development sometimes confused "industrialization" with development and then emphasised trade's contribution to industrialization. Trade was often referred to be a growth driver. The free commerce that served as the motor of the industrial revolution in England was primarily based on classical Ricardian inspiration. This argument is also basically the "free trade" argument. Here, there are two main concepts. First off, commerce across borders compensates for a local market that is too small and offers a market for excess goods. Second, by enlarging the market, international commerce enhances the division of labour, increasing the nation's overall productivity. The protectionist school, however, responds to this by claiming that for impoverished nations that buy manufactured products and sell raw resources, international trade has not been beneficial to these nations.

An export-focused strategy

The previous iteration of the export-oriented (outward-oriented) trade for development approach placed emphasis on the fact that the comparative advantage of emerging nations rested in highly specialised primary commodities. Each emerging nation would continue to specialise in a select few basic commodities under an open trade framework. These goods' demand is probably elastic in terms of both price and income. Increased export revenues and rising local demand would attract investment and spur expansion of the domestic economy and industries. It is suggested that economies with an external focus profit more from trade since specialisation brings about economies of scale, lower costs due to more competition, etc. Additionally, monopolies are broken by increasing competition brought on by unrestricted commerce. Additionally, free trade encourages the influx of additional foreign direct investment. The success of East Asia's free trade policy and economic development during the 1960s and 1980s (Singapore, Hong Kong, South Korea, and Taiwan) is often used to illustrate the benefits of exporting or having an outward-looking trade strategy[7], [8].

Using Imports to Replace Industrialization

The term "import- substituting industrialization," or ISI, refers to the government interventionist strategy used to safeguard indigenous industrial output in order to displace imports. The "infant-industry argument" is a key justification for this approach. The emerging or new industry in developing nations may not grow due to competition from industrially developed nations. Additionally, imports of goods made in wealthy nations will continue. Therefore, it is said, governmental protection is essential for the growth of domestic industries in emerging nations during the early phases of industrialization. Starting new businesses to produce previously imported goods by prohibiting imports or levying hefty tariffs on imports has been one of the most well-liked policies in many developing nations.

Latin American structuralists led by Raul Prebisch gave another justification for the ISI in the 1960s. According to trade statistics, he claimed that in a free trade system, developing nations would export raw materials while importing processed products. Over time, the relative prices or terms of trade of basic products declined due to an inherent rise in the elasticity of demand for manufactured items and a decline in the elasticity of demand for primary commodities. It is suggested that backwardness would endure until emerging nations developed their manufacturing sector. Thus, indigenous industrialization that replaces imports via protection is required for the growth of the manufacturing sector in emerging nations.

Additionally, ISI supports young industries since industrialization is a learning process as well and requires a lot of work in the beginning to stabilise via trial and error. Import substitution under protection aids emerging nations' 'learning-by-doing' processes. It is crucial to keep in mind that the ISI, or infant industry, argument supports temporary action to promote manufacturing that faces import competition. After learning is over, assistance from the government in the form of protection is no longer necessary. However, because to pressure from local producers who are ineffective and the expansion of monopolies, ISI has been utilised indefinitely in many nations. Before its recent reform, the Indian car industry was a prime example of ISI-promoted inefficiency.

There might be two different sorts of policy approaches, even within the broad strategy of import substitution focused strategy. First, import substitution within the protection framework, which is principally provided by tariff policy. Second, import substitution inside a framework of domestic industry protection, using a combination of policy in quantitative restrictions, import quotas, and high tariff rates. We embraced the latter paradigm in India, which led to the development of several inflexible institutions necessary for the operation of the license-quota system. As a result, a high cost economy was born, and prejudices against export promotion emerged. While adopting tariff policies for internal protection and progressively doing rid of the import licencing system, India has been liberalising its trade policy framework from the early 1980s. Furthermore, since 1991, there has been a substantial liberalisation of the import control system, which has expanded the role of the market and competition in both the local manufacturing sector and the framework for foreign commerce. India's approach to trade policy has experienced a fundamental change towards free trade and export oriented with the advent of a new global free trade framework under the supervision of the World Trade Organisation in 1995.

Select Developmental Concerns

Certain difficulties that demand particular consideration when creating effective strategies in developing nations have come into sharp light as a result of development approaches. The development agenda has identified poverty, inequality, unemployment, and regional differences as major challenges.

Poverty

After World War II, when many former colonies gained their independence, achieving quick economic growth was the primary objective of the newly independent nations in order to guarantee adequate standards of life for their citizens. The majority of these nations pursued development policies that placed a strong focus on GDP and per capita income growth. Although the growth rates of many of these nations did significantly improve in the 1960s and 1970s, there remained persistently high levels of poverty, inequality, and unemployment or underemployment. Therefore, starting in the 1970s, efforts were made to concentrate intently on the elimination of poverty as well as the accomplishment of high GDP growth rates.People who lack even the most basic essentials of existence are said to be in a state of poverty. A society is considered to be afflicted by widespread poverty when a significant portion of the population only receives the minimal necessities of life. One of the issues facing development strategy in all emerging nations is the frontal assault on poverty.

Although poverty is seen in'relative' terms in rich nations, 'absolute' poverty is the issue in emerging nations. There is a long history of defining and measuring "absolute" poverty using monetary income or consumption. S. made one of the first attempts at this in the late 19th century. Rowntree in York, an English city. In the latter half of the nineteenth century, DadabhaiNaoroji used his well-known Drain Theory to spark a discussion on the subject of

poverty in India. According to the Drain hypothesis, the average Indian has a very low per capita income since the colonial power has drained the majority of the country's resources, i.e. For the welfare of the British people, England[9], [10].Many Indian nationalist thinkers, including MahadevGovindRanade, Gopal Krishna Gokhale, and Mahatma Gandhi, were prompted by concerns about poverty, inequality, and empowerment to propose some alternative development paradigms that were best suited to the social, cultural, economic, and political circumstances of India. However, in actuality, India has been combining a number of opposing paradigms of development, which is maybe what has led to the regrettable circumstance of poverty and inequality that have persisted for a very long time.

This source of household survey-based income or consumer expenditure data served as the inspiration for the current estimates of poverty in various emerging nations. The "poverty line" the essential threshold in income or consumption below which a person or family is classified as poor is a crucial building element in the development of income and consumption measurements of poverty. If costs and availability to goods and services vary by region, such as between urban and rural regions, a country-specific poverty level may need to be changed. After defining the poverty line, the proportion of the population with income or consumption levels below the poverty line is calculated to determine the degree of poverty. The 'headcount' metric of poverty is the one that is by far the most often used. Other measurements of poverty include "the poverty gap," which accounts for how much below the poverty line impoverished people are, and "the squared poverty gap," which computes the degree of income or spending discrepancy between individuals.

Inequality

The link between growth and income inequality has drawn a lot of attention in the literature on development. One theory that has drawn a lot of interest is the idea that as development advances, income disparity initially increases and then declines along with it. An inverted 'U'-shaped curve would appear on a graph showing the rise in per capita income on the 'X' axis, which represents economic progress, and a measure of inequality on the 'Y' axis. This theory, which is credited to Simon Kuznets, is known as the "inverted-U hypothesis" of the link between income growth and inequality. It is currently known as the "Kuznets Curve." In several of the industrialised nations, Kuznets saw a decline in income disparity in the latter part of the 19th century.

After an early spike at the height of industrialization, he saw inequality declining. He reasoned that inequality grew as these economies originally started to transition from their mostly agrarian sector foundation to higher industrialization and urbanisation. However, when individuals moved to metropolitan regions and adapted to the political power structure, which led to the introduction of laws in their favour, disparities eventually diminished as their wages increased. According to the Kuznets theory, more money is first distributed to the wealthy, who act as the true savers and investors and hence fuel quicker economic development.

In the case of India, there has been substantial evidence of rising consumption disparities between urban and rural regions as well as across various states, notably during the reform era. The gini coefficient is one often used indicator of inequality. Inequality in monthly per capita consumption levels of the Indian population has dramatically expanded since the early 1990s, both in rural and urban regions. In 1983, the rural monthly per capita income was 66% of the urban monthly per capita income; this percentage fell to 61 % in 1993-94 and to 56% in 2004-05. Even though there has been significant development since the early 1990s, the

rising income disparity has prevented this growth from having a sufficient influence on the pace at which poverty has been reduced.

Additionally, there are significant differences across the states in how poverty is being reduced. Even while poverty has decreased nationally, certain states still have very high rates of poverty. Orissa had a poverty rate of 47% in 2004-2005, which was over six times higher than Punjab's (8%) rate. just four States, i.e. 61% of the nation's impoverished reside in Bihar, Uttar Pradesh, Madhya Pradesh, and Orissa (2004-2005). In fact, between 1993–1994 and 2004–2005, the total number of rural poor in three states i.e. Orissa, Uttar Pradesh, and Madhya Pradesh. Growing consumption disparities between rural and urban areas and across various regions are a severe reason for worry and are certain to have a negative impact on overall development.

CONCLUSION

This study clarifies the complexity of development and emphasises that simple economic growth, as determined by per capita income or GDP, is not the same as actual development. A wider range of factors are included in development, such as the fair allocation of resources, social fairness, and environmental sustainability. It is important to understand the difference between growth and development because it emphasises the need for policies that take into account the welfare of all people, particularly the marginalised.The report also demonstrates the dynamic character of economic policies in developing nations by highlighting the progression of development strategies from import substitution to export-oriented methods. While market-driven policies have become more popular, it is important to remember that the state plays a crucial role in resolving pressing developmental issues like poverty and inequality.Recent data, however, cast doubt on the idea that disparity promotes quick economic expansion. The 'East Asian Miracle' economies of Taiwan, South Korea, Hong Kong, and Singapore have shown that very high rates of economic development are feasible with a relatively equitable distribution of wealth. Thus, there is mounting evidence that greater development would result from more equitable income distribution. Therefore, it is said that decreasing inequality is essential for long-term economic growth.

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CHAPTER 2
EXPLORING DEVELOPMENT, EMPLOYMENT, AND SUSTAINABILITY: A COMPREHENSIVE ANALYSIS OF INDIA'S PROGRESS AND CHALLENGES

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ABSTRACT:

This article examines the several difficulties India has in its development, concentrating on problems with employment, economic expansion, and the accomplishment of the Millennium Development Goals (MDGs). It underlines the significance of inclusive growth and draws attention to the shift away from a limited concentration on GDP per capita. In classifying employees into organised and unorganised sectors, the report explores employment patterns and places special emphasis on the latter group's need for safe working conditions and social security. Examining India's successes and failures in fulfilling the MDGs reveals significant differences across the various objectives. The connection of economic, social, and environmental concerns is emphasised when the notion of sustainable development is presented. In highlighting the difficulties posed by regional differences in India's development and the significance of balanced regional growth under the federal system, the research comes to a conclusion.

KEYWORDS:

Balanced Development, Development, Employment, Human Development, India,Regional Disparities, Sustainability.

INTRODUCTION

In the early 1990s, a clear line between expansion and development was formed. This difference was made because it was discovered that the prior measure of economic growth, calculated as GDP per capita, undermined several other characteristics of development that combined helped to identify the true increase in quality of life. The various paths to development are then reviewed, alternating between giving the state or the market precedence and the mixed economy model that India used up until the early 1990s. In order to provide light on India's present policy viewpoint, it is particularly important to explore the recent emphasis placed on the idea of inclusive growth. The section also discusses some of the ongoing issues faced by emerging countries like India and the global commitment to address them via the time-phased implementation of the Millennium Development Goals. The human development index, which was used as a growth indicator as an alternative to per capita GDP in the early 1990s, as well as the growing focus on sustainable development and its difficulties were covered towards the end of the unit.

Utilization and Unemployment

The creation of jobs as a component of the growth process is one of the primary goals of development plans. Because underemployment, thin employment, and poor productivity

employment are typical characteristics of developing nations, unemployment is not open in developing countries, and estimates of unemployment there are likely to be underestimated. The majority of individuals in these economies are employed in subsistence agriculture as well as informal businesses including weaving, minor trading, and sporadic services[1], [2].

Vacancies in India

In India, there are three different status categories used to quantify unemployment. current weekly status (CWS), current daily status (CDS), and ordinary primary status (US). A person with "usual principal status" (US) unemployment is one who has been looking for work for the most of the year without success. Few people will not find job in a year given the informal character of the economy. As a result, the estimates of employment and unemployment under "usual principal status" would be too low. Unemployment with a "current weekly status" (CWS) is defined as someone who did not find even one hour of work per day throughout the survey week. It is thus probable that the weekly status unemployment will provide a more accurate image of unemployment. The US and CWS estimates give us with estimates of the rate or percentage of people who are employed or jobless by using the term "persons" who are either employed or unemployed. The "current daily status" (CDS) on the other hand, gives us information in terms of person-days. Under CDS, whether a person was employed or not for at least one hour during each reference week was taken into account.

In contrast to the rate of people employed or jobless, the ratio of employment to unemployment is measured in terms of rate of person days. According to the Economic Survey for 2007-2008, estimates based on daily status are the most comprehensive rate of unemployment, providing the average level of unemployment on a day during the survey year. It records the days that individuals who are chronically jobless are unemployed, the days that those who are typically employed but sometimes find themselves unemployed during the reference week, and the days that people who are CWS-classified as employed are unemployed. The CDS estimates show a rise in employment from 239.49 million in 1983 to 313.93 million in 1993–1994 to 338.19 million in 1999–2000 to 384.91 million in 2004–2005.The number of jobless people (the unemployment rate) also grew during the same time period, rising from 20.27 million in 1993–1994 (6.06%) to 26.68 million in 1999–2000 (7.31%) to 34.74 million (8.28%) in 2004–2005.

Employment in terms of working status is roughly split into three types viz. regular paid job, self-employment, and temporary work. "Regular salaried" work denotes a safe, steady job with a guaranteed monthly salary. In the Indian context, "self-employment" mostly refers to small-scale, minor economic activity like farming. Most often, the working and financial circumstances of self-employment are very fragile and uncertain. Self-employed individuals could not be covered by social security. Unless backed by proper infrastructure and other social amenities like health and educational facilities for the dependent family members, self-employment is sometimes plagued with uncertain or meagre returns, with very few exceptions like professional jobs. The term "casual employment" refers to a kind of beck-and-call employment that lacks social protection and has unfavourable working conditions, no permanent employer, and irregular hours.

The goal of the development process is to move the bulk of employees away from temporary employment and towards self-employment and eventually "regular and salaried" employment. However, throughout time, "self-employment" has decreased and "casual employment" has increased in India, with almost any change in the percentage of "regular

and salaried" employment. Thus, there is a growing trend towards casualization of work, especially after reforms were implemented in the 1990s.

Workers Who Are Organised and Unorganised

The split of the Indian workforce into "organised" and "unorganised" employees offers a more illuminating perspective on the country's labour force. Those employed by formally formed businesses with regular salary, improved working conditions, and social security are referred to as "Organised Workers." Unorganised employees, on the other hand, are individuals employed by unorganised businesses or families, and they often lack the job security, occupational security, and social security that apply to their organised counterparts. employees have been divided into "organised" (formal) and "unorganised" (informal) employees by the National Commission for Employment in the Unorganised Sector (NCEUS). Between 1999–2000 and 2004–2005, the percentage of unorganised employees climbed from 91.2% to 92.4%. In 2004–05, just 7.6% of all employment in the nation is made up of so-called "organised" employees, down from 8.8% in 1999–2000. Thus, it is evident that India's problems include declining job quality and circumstances in addition to growing unemployment. Therefore, it is crucial to provide unorganised employees secure job conditions and social security[3], [4].

Millennial Development Objectives

World leaders endorsed a set of quantifiable, time-bound objectives and targets for eradicating poverty, hunger, illness, illiteracy, environmental degradation, and discrimination against women during the United Nations Millennium Summit in September 2000. The Millennium Development objectives (MDGs), which included eight objectives, eighteen targets, and forty-eight indicators, served as a road map. By 2015, these goals are expected to have improved from their 1990 levels.

For each of the Goals, the global objectives are determined in accordance with the targets at the national level. Under each aim, each nation, including India, has established regional level goals. The eight goals listed below, each of which must be accomplished by 2015, are listed along with India's progress towards achieving them. End severe hunger and povertycut in half the number of individuals who subsist on less than $1 per day.Cut the percentage of individuals who are hungry in half.1.2 billion people worldwide still survive on less than $1 a day.

DISCUSSION

Despite significant progress in decreasing poverty, India still has a long way to go in terms of eliminating hunger and malnutrition. Even in 2008, 60% of the nation's regions are not on pace to reduce hunger (underweight) to Millennium-standard levels.Universal Primary Education should be attained.Ensure that all boys and girls finish the whole primary school curriculum.113 million kids throughout the world don't go to school. According to reports, 95% of children in India are enrolled in school, and the goal of 100% attendance is expected to be realised shortly.Advance gender equality and give women more authority. By 2005 and at all levels by 2015, eliminate gender imbalance in elementary and secondary education.India is a long way from achieving this goal. Gender differences in school enrollment, particularly at the secondary and higher levels, are out of proportion in about 60% of the areas. Self-help groups (SHGs) are credited with advancing women's emancipation.

Lower Child Mortality

Decrease the death rate for children under the age of five by two-thirds.11 million young children worldwide pass away each year. Even in decreasing infant mortality rate (IMR), India's performance is falling short in 80% of the regions. Although vaccination performance has improved, 40% of regions remain off-target.

Lower Maternal Mortality

Reduce the maternal mortality ratio by 75 percent.One in 48 women in poor nations will pass away while giving delivery. Despite safe motherhood initiatives, India's development moves quite slowly.

Fight Malaria, AIDS, and Other Diseases

Put a stop to the spread of HIV/AIDS and start its reversal.Stop the spread of malaria and other serious illnesses and start to reverse it.Nations like Brazil, Senegal, Thailand, and Uganda have shown that we can halt the spread of HIV. However, India, which has been providing some of the nations with generic medications at relatively low costs, does not have a national programme that provides free treatment for HIV patients. According to accounts, malaria was wiped out in India, but there have been recent instances of it reappearing!

Ensure environmental sustainability, include sustainable development concepts in national policy.Cut in half the number of people who lack reliable access to clean water.100 million slum dwellers' lives will significantly improve by 2020.More than one billion (100 crore) people throughout the world still do not have access to clean drinking water. India's track record in providing sanitary facilities and clean drinking water is woefully deficient.

Develop a worldwide development collaboration as the eighth goal.Creation of transparent financial and trade systems. Relieve the debt of developing nations. Attend to the unique requirements of tiny, landlocked nations.Make medications available by working with pharmaceutical firms.India should make an effort to assist other least developed nations in these sectors since it is in a relatively comfortable position there.

According to the MDGs' development since 2000, numerous nations in East Asia and the Pacific, such as China, the Arab States, Latin America, and the Caribbean, are on course to meet many MDG indicators, while those in Africa and South Asia are falling behind. India is off-track in nine out of twenty-one MDG indicators, according to a 2006 research that looked at development in the Asia-Pacific region. In other words, according to Mahendra Dev (2008), India may not achieve 50% of the MDG indicators by 2015[5], [6].

New Difficulties for Development

The lack of proportionate improvement in people's quality of life despite growth, the extensive harm done to the environment and ecology in the name of faster growth, and the growing dissatisfaction with per capita income as a measure of development have forced a rethinking of the concept of development. Human development and sustainable development are two crucial factors that have started to take centre stage in discussions on development. Human development include both the standard of living, as measured by an increase in per capita income, and the quality of life, as measured by access to amenities for sanitation, health care, and education. The Human progress Index (HDI) has been used as a substitute for the per-capita gross domestic product (GDP) measure of progress for more than ten years. Similar to this, there is a growing understanding that human development, as judged just by GDP growth, would be unsustainable due to the degradation, pollution, and depletion that

come along with rising mass production. Growing understanding of alternate development paths that offer sustainable advantages for both the current generation and future generations is challenging the fixation with growth in the "business as usual" approach.

The Human Development Index (HDI) and human development

Economic growth is only one aspect of the much larger idea of human development. The level of life can, at best, be determined by per capita income. What individuals regard as growth may be incorporated into human development. The elements of human development are ones on which there is almost universal agreement because values vary from person to person (value heterogeneity) and also because one's own values change with growth (value endogeniety). For instance, it is doubtful that there would be any disagreement with the claim that greater development predicts lower infant mortality and longer lifespans. Similar to this, improvement in competencies and education is also often seen as development. Thus, human development strives to take into account what individuals gain out of their money in terms of beings and doings rather than the limited idea of development being perceived just in terms of per capita income. The Human Development Report has been published annually by the United Nations Development Programme (UNDP) since 1990. These publications list the positions of various nations according to the HDI, or human development index.

HDI, or Human Development Index

A summary indicator of human progress is the Human progress Index (HDI). It gauges a nation's average performance in three key areas of human development:According to the life expectancy at birth, a long and healthy life.Knowledge is assessed using the adult literacy rate (two-thirds weighted) and the gross enrollment ratio for elementary, secondary, and postsecondary education combined (one-third weighted).A reasonable level of life as indicated by GDP per capita (ppp US dollars).For each of these dimensions, an index has to be made before the HDI is actually computed. The minimum and maximum values (goal posts) for each underlying statistic are selected in order to generate the dimension indices, which include the GDP, education, and life expectancy indices[7], [8]. Applying the formula below, performance in each dimension is given as a number between 0 and 1.

The Idea of Sustainable Development and Its Challenge

A pattern of resource use known as sustainable development attempts to satisfy not only the requirements of the current generation but also those of the generations to come. The Brundtland Commission coined the phrase in 1987, and it was their definition of sustainable development development that "meets the demands of the present without compromising the capacity of future generations to fulfil their own needs"that became the accepted definition.The emphasis of sustainable development is not only on environmental concerns. Economic growth, social development, and environmental preservation are referred to as the four "interdependent and mutually reinforcing pillars" of sustainable development in the United Nations World Summit Outcome Document from 2005. Indigenous people and cultures make up the fourth pillar.

Green development typically differs from sustainable development in that it prioritises environmental sustainability, according to its proponents, above economic and cultural factors. Sustainable development advocates contend that it offers a framework for enhancing overall sustainability in situations where cutting edge green development is impractical. A state-of-the-art treatment facility, for instance, may not be viable in areas of the globe with limited financial resources due to its extraordinarily high maintenance costs. Even if it is

considerably less effective ecologically, a plant that is shut down due to bankruptcy is definitely less sustainable than one that can be maintained by the community.

By using what have been referred to as sustainability metrics and indices during the last 10 years, several organizations have attempted to gauge and track how close something is to being sustainable. It is said that constraints are imposed on emerging nations by sustainable development. when the present industrialized countries produced a lot of pollution when they were growing up, these same nations now urge new nations to do the same, which sometimes slows progress. The process of ensuring that the existing processes of contact with the environment are followed with the goal of preserving the environment as pure as naturally feasible based on ideal-seeking conduct is known as environmental sustainability. When natural capital—the whole of nature's resources is depleted more quickly than it can be regenerated, this is known as a "unsustainable situation." Sustainable development calls for just using natural resources at a pace that allows for their natural replenishment. The idea of carrying capacity is inextricably linked to the idea of sustainable development. The incapacity to support human existence is the long-term effect of environmental deterioration, according to theory. Global deterioration of this kind might mean the end of mankind.

India's regional disparities

It is crucial to make sure that economic progress leads to balanced regional development under a federal system like India's. However, after more than 50 years of planned economic growth, India has not shown any signs of moving towards balanced development. Inter-state differences in India have widened over time, particularly in the last two decades. A per capita development expenditure in more developed states like Punjab and Haryana is around 2.5 times more than in less developed ones like Bihar. The majority of investments in the post-reform era have gone to comparatively more developed states, depriving less developed states of new capital. Through the introduction of an incentive structure, attempts have been made to increase investment in underdeveloped states. The National Development Council established two working groups—the Pande (1968) and Wanchoo (1968) Groups one to identify states and union territories that were industrially behind and the other to offer tax and financial incentives for establishing businesses in underdeveloped regions. They advised designating 246 areas as backward, making them eligible for special financing and other amenities[9], [10].

The Wanchoo Working Group examined the role of fiscal and financial incentives in promoting industrialization of underdeveloped areas and made the following recommendations: (i) providing higher development rebates to businesses located in underdeveloped areas; (ii) exempting corporations from corporate income tax for a period of five years; (iii) exempting plant and machinery imported for the location of businesses in underdeveloped districts from import duty; and (iv) exempting businesses from excise duties and sales tax for a period of However, the effectiveness of these approaches has not been fully evaluated. The majority of these tax breaks and financial incentives have subsequently been eliminated. States compete for increasing private company investments of both local and international provenance throughout the post-reform period. A few developed States in the South and North-West area dominate the majority of these investments, leaving the Central, East, and North-East regions well behind.The Eleventh Five Year Plan acknowledges that growth outcomes have differed among states and have lagged in poorer areas with less developed infrastructure. Increasing access to the North Eastern States by modernising transport infrastructure is given top importance in the Eleventh Plan. Additionally, it is suggested that a Backward Regions Grant Fund be established and invested in designated backward areas.

CONCLUSION

In conclusion, economic growth, employment dynamics, and the pursuit of development objectives all interact in a complicated way throughout India's development journey. The country confronts significant hurdles as it shifts from a limited concentration on GDP per capita to more comprehensive metrics of progress, notably in tackling unemployment and underemployment in the unorganised sector. The progress made towards reaching the Millennium Development Goals shows a variety of results, with enduring inequalities in a number of areas. A crucial paradigm shift that emphasises the need for balanced advancement in all three spheres of life is represented by the idea of sustainable development. Finally, the problem of regional differences emphasises how crucial it is for India's federal system of states to promote fair development. Adopting inclusive and sustainable development plans that prioritise the well-being of all people while preserving the environment for future generations is necessary for policymakers to properly address these issues.

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CHAPTER 3
ECONOMIC THOUGHT AND DEVELOPMENT IN INDIA: A HISTORICAL OVERVIEW

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ABSTRACT:

This thorough investigation digs into the varied economic philosophy that has existed in India from the late 19th century to the present. In four categories early nationalists, later nationalists, socialist thinkers, and current economics it clarifies the significant contributions of eminent Indian economists. The "Drain Theory," developed by DadabhaiNaoroji to explain the economic effects of British rule in India, is examined to set the stage for the debate. The paper goes on to emphasise M.G. Ranade's concept of industrialization and progress, highlighting the critical importance of coordination and the need for sustainable economic growth. The viewpoint of G.K. Gokhaleemphasises the role that education plays in promoting economic development and calls for ensuring that everyone has access to education as a way of empowerment. Mahatma Gandhi's unconventional ideas on the "limitation of wants" contradict mainstream economic theories and advocate for a more thoughtful approach to consumption. The "Theory of Wantlessness" by J.K. Mehta offers an alternate viewpoint on human cravings and encourages moderation and sustainability. The discussion then turns to the crucial elements of social justice and development, drawing on B.R. Ambedkar's support for community farming and land reform as well as Ram ManoharLohia's steadfast opposition to caste-based inequity. In the end, this research captures the rich diversity of Indian economic thinking and provides a window into the country's intellectual quest for social justice and economic advancement.

KEYWORDS:

Development, Economic,Economic Growth,Indian Economic, Social Justice.

INTRODUCTION

India has generated a galaxy of economists ever since political economy and economics split off as distinct academic fields in the late 19th century. In addition, several academics have added to the body of knowledge on India's economic progress. It is impossible to cover the contributions of every contributor in a single piece since the number of contributors is so great and the breadth and depth of their thoughts are so great. The unit's goal is to provide some of their contributions that are important for understanding India's economic planning and development debates and goals. Therefore, the focus is on including the key theories on development that have been proposed since the late 19th century. The unit therefore effectively gives a peek of several key economists organised broadly under four main groupings viz. early nationalists, subsequent nationalists, socialist theorists, and more current economists who focus on economic growth.

Beginning Nationalists

Three significant contributions from the late 19th and early 20th centuries are included here. The "Drain Theory" of DadabhaiNaoroji, which is based on India's liberation fight and its related economic history, is the first one under this to be described. The following

contribution, on the "Balanced Growth Theory," by Ranade, foresees the importance of the strategy long before it became well-known in the latter part of the 20th century. Even in India in the twenty-first century, Gokhale's contribution on "Education and Economic Development" that is given at the conclusion of the current part is quite pertinent[1], [2].

The Drain Theory, by DadabhaiNaoroji

'The drain hypothesis' became known as the emblem of Indian economic nationalism in the late 19th and early 20th centuries. The book's thesis was that the financial processes used to preserve British control in India resulted in a transfer of money and revenue from India to Britain, putting a "bleeding drain" on the Indian economy. Although many people have made contributions to this idea, DadabhaiNaoroji is mostly credited with developing it in his lectures and writings that were published in his book Poverty and Un-British Rule in India (1901). The primary idea behind the drain argument is that by forcing India to make unilateral transfers to Britain, the nation was deliberately deprived of its resources, which continued to fuel poverty. According to Naoroji, "the main reason for India's poverty, misery, and all other material evils is the exhaustion of its wealth, which continuously and increasingly weakens its production, by the excessive expenditure on the European portion of all its sources, and the burden of a large amount each year to be paid to foreign countries for interest on the public debt, which is primarily caused by the British rule."

We may expand on the three components of the "drain" that Naoroji highlighted. First and foremost, the transfer to England of a percentage of wages, earnings, and savings by civil and military workers of British ancestry as well as by professionals like attorneys and physicians was the most crucial factor. These put a significant strain on India's resources, as did the government's payment of the pensions and allowances of British officials in sterling. The second point concerned military spending. The payment of pensions and other benefits to army officers by the government of India in the form of sterling represented a drain, much as the remittance of a percentage of salary, income, and savings by British military personnel. It was noted that a developing nation like India was forced to fund the imperial defences. The third item was interest payments sent in sterling for loans used to build and maintain public infrastructure like railroads and irrigation systems. Widespread demonstrations and nationalist agitation against British authority were supported by the drain hypothesis.

M.G. Ranade: Industrialization and growth

Ranade has been referred to be the founding father of Indian economics. The majority of his articles were published in the Quarterly Journal, which was based in Poona, in the late 19th century. Although he wrote on a variety of subjects, we will focus on his views on economic growth in this article. He was a modernist, and the western world had an impact on his beliefs on growth.

First, the Friedrich List and the German Historical School had a big impact on him. He described economic growth as the complete and overall development of society's productive forces. This calls for effective "coordination" across various sectors, since only this can guarantee sufficient and sustainable development for each sector's production. Agriculture and industry must coordinate, as well as rural and urban jobs. A significant rise in industrial employment and production is a prerequisite for sustainable growth in impoverished nations like India. Ranade also mentioned "stages of growth." He noted that India was at a period of both agriculture and handicrafts. He argued that India should go to the next level via agriculture, industry, and commerce. In order to push for industrialization, Ranade's taxonomy of phases in his notion of development gave him a handy tool[3], [4].

They revealed that the manufacturing sector gave greater room than most other industries for what he called "art manipulation," or the use of contemporary technology in the production process. Why is it that "output per head is found to be directly related to the proportion of labour force engaged in manufacturing"? has been attributed to the use of technology to industry. Additionally, he noted that industry offered chances to learn how to increase production, something that was impossible in agriculture. He came to the conclusion that "all other remedies can only be temporary palliatives" and that "there can be no doubt that the permanent salvation of the country depends upon the growth of Indian manufacturers and commerce."

G.K. Gokhale: Economic Growth and Education

In the Indian national movement, G.K. Gohkhale, usually seen as Ranade's successor, emphasised the value of human resources, particularly education. He believed that "an ignorant and illiterate nation can never make solid progress" and stressed that widespread education was essential for economic growth. The expansion of basic education, in his opinion, "means the future salvation of our country."His justifications for widespread education had placed a strong focus on the investment value of such programmes as well as their potential to increase consumer spending. He saw that the benefits of education to society in terms of development outweighed the expenses in a significant way. His talks and publications suggest that he may be regarded as a pioneer in the area of educational economics.

Gokhale pushed for making basic education universally free and required. The farmer might benefit from universal education by learning how to avoid being taken advantage of by moneylenders, improve sanitation, cast off superstitions, boost his earning potential, and take an informed interest in public affairs. In the Imperial Legislative Council in 1911, he proposed the Elementary Education Bill. This was patterned after the English Education Act of 1870 and 1876 as well as the Irish Education Act of 1892. The purpose of the bill was to make coercion a part of early education. He gave the industrialised nations of Europe, the USA, Australia, and Japan as examples, all of which had made primary education both free and mandatory. He emphasised the crucial need of universal basic education in India, which at the time had a bare 6 percent literacy rate, as well as the crucial role that mass literacy had played in the economic success of these countries whose whole populations were educated. He suggested that if universal primary education were to be provided via local government-run schools, the expenditures would be low and manageable. By making savings in both civil and military management, money may be obtained. Strangely, there was considerable disagreement from Indian Council members even though both the British Finance and Education members agreed that universal primary education.

DISCUSSION

In terms of one theory or another, Mohandas Karamchand Gandhi was not an academic economist who made significant contributions to the field. He published on a variety of topics important to economics, including consumer behaviour, trusteeship, altruism, leisure, and the value of hard labour. However, his publications on "Swadeshi" and "GrammeSwaraj" are very significant in terms of economic progress. Despite not fitting into the mainstream of welfare economics, these concerns are generally in the tradition of human wellbeing. His idea of "limitation of wants" departs significantly from conventional economic theory, which holds that people make choices between conflicting needs and choose those that would provide the greatest level of pleasure given the resources at their disposal. Happiness does not always promote human wellbeing. Not all forms of want fulfilment lead to happiness. The

range of products and services that people want is wide. One becomes more and more dissatisfied as they get more. By multiplying one's daily demands in this way, one only becomes a slave to an endless series of cravings, and there is no other kind of slavery that is as oppressive as enslavement to one's own wishes. A person cannot follow a method like this that results in a sustained constant level of consumption. He believed that the culture of growing desires, which he saw as faulty, was what drove Western growth. According to him, a more sensible option would be for people to intentionally restrain their material cravings by making every effort. He does not believe that moral growth is correlated with money success. The ancient Indian ideas on development and human welfare, which are preserved in Indian scriptures and partially outlined in the masterful work on economics and statecraft known as Kautilya'sArthaS'astra from the sixth century B.C., served as the inspiration for M.K. Gandhi's ideas. In Section 2.7, we will provide a short overview of these old Indian classical ideas on development and contrast them with contemporary economic theories that have inspired many Indian nationalist intellectuals. It is also thought that Ruskin's onto This Last, which placed an emphasis on morality independent of material prosperity, had an impact on Gandhi.

Gandhi believed that certain natural desires, such as clear roads, improved sanitation, convenient transportation, better drainage, greenery, a school, a dispensary, pure water, and a dharmashala, could only be stated at the village level. Similar to this, everyone must have access to a healthy food, a nice home, resources for children's education, and proper medical care on an individual basis.Swadeshi was one of Gandhi's ideals during the fight against British rule. The Swadeshi movement was a large-scale effort to persuade people to make it a habit to buy Indian goods rather than imports. Swadeshi was defended by him using moral criteria. The concept of neighbourhood was the first pertinent premise. An person owes his neighbours a responsibility. Swadeshi, the consumption of local goods, results from this. He said that it would be wicked to dress in foreign attire when nearby weavers go hungry because there is no market for their goods. Khaddar (khadi) spinning and wearing have come to represent Swadeshi culture[4], [5].

Ghandi opposed the industrialization paradigm used by the west due to his swadeshi concept. He opposed mechanisation for three different reasons. In the first place, equipment replaces rather than adds to human and animal effort. Second, unlike human effort, technology may expand and increase indefinitely. Third, it has a law of its own, which causes labour to be displaced at an ever-increasing pace in addition to being displaced altogether. He was against machines as a result of unemployment. He was a fervent supporter of boosting decentralised production via the encouragement of village-level enterprises. He thought it was possible to produce food and clothes at a village level that would be self-sufficient. Resources at the village level might be governed by local self-government. GrammeSwaraj was his idea of development, in which communities met all of their fundamental needs via local production and collective village control of infrastructure and resources. A Gandhian Plan for India was created in the 1940s (by Shiman Narayan), with a focus on self-sufficient local economies.

J.K. Mehta: The Wantless Theory

J.K. Mehta was a highly respected economist and philosopher. Mehta gained notoriety in the 1930s for independently developing the idea of marginal income. This is mentioned by Joan Robinson in her book Economics of Imperfect Competition. However, Mehta is more known for his criticism and efforts to develop an alternative model of man than the "maximising economic man" than for his contributions to the dominant Neoclassical Economics. Here, we'll focus on his "Theory of Wantlessness" and critical tradition. Mehta established the thesis of Wantlessness as an alternative to the Western Economists' thesis of unbounded

desires as the driving force behind economic activity via his books such as "A Philosophical Interpretation of Economics" (1962) and "Rhym, Rhythm and Truth in Economics" (1967). He asserts that desires initially appear in people's brains and then manifest more vehemently as a cause of suffering when they are not satisfied. Additionally, as soon as a want is gratified, a yearning for repeated fulfilment of the desire and the creation of other related desires arises in their minds. Thus, the fulfilment of one want results in the emergence of a new set of desires, which, if unfulfilled, would cause agony. The cycle of one want being satisfied and leading to another desire never ends. As a result, satisfying a want does not break the cycle of pain and desire.

Economic activity, according to Alfred Marshall, arises from the need to sate certain desires. New activities would generate new demands as cultures became more affluent materially. Marshall argues that as a result, early desires lead to early actions, while later activities lead to later wants. Mehta, though, takes a different tack. Assume that society is initially destitute. It will be in an equilibrium condition. Introduce a desire now. And this causes an imbalance since a pain arises from a need that exists but cannot be satiated. It penetrates his world forever as soon as it is satiated. Then another want appears, causing more suffering and throwing the person out of balance. Temporary pleasure comes from satisfying that. The latter, however, has to be consistently fulfilled in order for it to be lasting.

Mehta's selfish person would have satiated his primal needs for material things. When this bound is crossed or increased, a problem results. There is continual disequilibrium as new demands for so-called luxuries develop and quickly turn into requirements for comforts. To get over this, one must get past flaws and impurities and discover who they really are. Then, one won't have to submit to his desires. One must regulate his physical life in order to attain this level of wantlessness. This may be done by comprehending the fleeting nature of the gratification that comes from expanding demands beyond one's fundamental needs. Then society refrains from undertaking endeavours that would result in an increase in output, which would lead to a shortage of resources. Mehta's wantlessness does not allow for either scarcity or the unsustainable use of resources. His philosophy of wantlessness offers perceptions that advance "sustainable development[6], [7]."

Social Justice and Development

As you are well aware, development is more than just economic progress as measured by an increase in wealth or income. On the contrary, it makes an inclusive reference to a general development. In other words, growth with development attempts to include all segments of society in a way that is socially inclusive while without excluding any of them. We briefly examine the contributions of two socialists in this part as they relate to the issue of development with social justice. B. Ram ManoharLohia and R. Ambedkar. Small farms, the agrarian question, and land nationalisation according to B.R. Ambedkar

By virtue of his education and training, Dr. B.R. Ambedkar was a trained economist who initially received his doctorate from Columbia University in 1917 before receiving his doctor of science from the London School of Economics in 1921. However, he eventually turned to law and jurisprudence. Both "The Problem of the Rupee" and "The Evolution of Provincial Finance in British India" are noteworthy contributions he made. But in this section, we'll focus on his thoughts on the small-farmer agricultural sector, which is still a significant source of worry for the Indian economy.

Ambedkar discusses the problem of tiny, dispersed farms and poor production in India in his 1918 article, "Small Holdings in India and their Remedies." The British experts at the time recommended consolidating these farms into huge holdings because they believed Indian

farms were too scattered and dispersed. Ambedkar critically analysed the situation and came to certain conclusions as a result. He began by asserting that there can never be a proper size for an agricultural estate, which cut to the heart of the plan. Land is simply one of many components that go into producing goods and services, he claimed, and the productivity of one factor of production depends on the ratio in which the other factors of production are combined. According to him, "the main goal of an efficient production is to have every factor in the concern contribute their maximum amount; and it can only do that when it can cooperate with its fellow in the necessary capacity." As a result, there is an ideal set of proportions that should exist when the different components are combined, albeit the ideal will change as the proportions change. From there, he continues by stating that there cannot be either a big or small holding if agriculture "is to be treated as an economic enterprise." What is the issue if this is the case? Without a doubt, it isn't because the peasant isn't using his resources as effectively as possible.

The basis of Ambedkar's response is the deficiency of other productive elements. Savings are the cause of the lack of funds required to buy "agricultural stock and implements."

It was the lack of available land in India that prevented her from achieving riches via agriculture alone. He made a nearly prophetic statement that reads, "A large agricultural population with the lowest proportion of land in actual cultivation means that a large part of the agricultural population is superfluous and idle," long before modern theorists of development systematised notions of disguised unemployment or under-employment. Even if the fields are combined, expanded, and farmed by capitalist endeavour, the issue will not be resolved since doing so would just make the problems worse "by increasing our stock of idle labour."

Collective farming and nationalisation of land

Ambedkar proposed the drastic option of nationalising the land and engaging in community farming in 1947 after noting the continuance of uneven holdings, tenancy with unjust rents, and unclear tenures. He believed that neither the concentration of properties nor the tenancy laws helped increase agricultural output.

Furthermore, these actions won't be able to address the ongoing issues faced by small farmers and landless workers. He proposed community farming on nationalised agricultural land as a remedy for the problems with agrarian circumstances. The state should be responsible for providing the capital required for both industry and agriculture. According to Ambedkar's plan, agriculture should be the national industry. The organisation of agriculture must follow these guidelines:

1. The State should split the newly acquired land into farms of uniform size and rent out the farms to villagers as tenants (consisting of groups of families) for agriculture. Under the enumerated restrictions, these renters may cultivate the property. The farm ought to be managed as a cooperative farm; The farm shall be farmed in conformity with the laws and regulations set out by the authorities; The tenants shall divide the farm's products among themselves in the manner specified after paying any fees due on the farm;
2. The land should be distributed to villages without making any distinctions based on caste or religion and in a way that eliminates landlords, tenants, and migrant labourers.
3. In order to boost agricultural production, it should be the responsibility of the State to fund the cultivation of the communal farms via the provision of water, draught animals, manure, seeds, etc.

The State ought to have the right:

To charge the farm's product the following fees: (i) a part for land revenue; (ii) a portion to pay the holders of debentures from land purchased; (iii) a portion to pay for the use of capital goods provided; andto impose sanctions on tenants who violate the terms of their lease by willfully failing to make the best use of the agricultural tools provided by the State or who otherwise act in a way that harms the communal farming plan.Ambedkar suggested that the programme be implemented as soon as feasible, but that it should never go beyond the tenth year from the day the constitution went into effect. The fact that the powerful landowner class in India and the Indian parliament were not ready to follow this road is a different story.

Ram ManoharLohia: Against Inequality Based on Caste

Ram ManoharLohia was a Gandhian, a liberation warrior, and well-known for his Socialist Party's anti-caste activism. He was imprisoned in 1940 after publishing anpaper titled "Satyagraha Now" in Gandhiji's newspaper, Harijan. "He is a top-class scholar, a civilised gentleman, with liberal ideology and high moral character," the magistrate said. Here, we'll stick on his viewpoints and social activism against caste.

More than class, caste was the major hindrance to India's prosperity, according to Lohia. According to Lohia's theory, India experienced historical setbacks because individuals thought of themselves as belonging to a caste rather than as citizens of a nation. As Lohia described it, caste was a hardened kind of class. Mobile caste was the class. As a result of the narrowness and stultification of thought at the top, which was primarily made up of upper castes, Brahmins, and Baniyas, with strict compartmentalization even there, the country was deprived of new ideas. The Brahmins dominated the intellectual arena, while the Baniyas dominated the business world. A supporter of affirmative action, he encouraged the higher castes to "voluntarily serve as the soil for lower castes to flourish and grow" so that the nation would benefit from a wider range of ability and ideas. He likened affirmative action to turning the dirt to produce a better harvest.

As Lohia put it, "Caste limits opportunity." Ability is restricted by limited opportunities. Opportunity is further constrained by limited skill. Opportunity and aptitude are limited to ever-shrinking bands of the populace where caste predominates. Lohia recruited candidates from lower castes inside his own party, the Samyukta (United) Socialist Party, by offering them both election tickets and important party posts. Despite his frequent references to caste, he was not a casteist; rather, his goal was to ensure that voters cast their ballots for the Socialist party candidate, regardless of the candidate's caste. His argument was that everyone required a stake in the nation in order to make it strong. His aphoristic cure for casteism was "Roti and Beti," which required people to dine together across caste lines (Roti) and to be prepared to marry off their daughters to guys from different castes (Beti)[8], [9].He rejected both Marxism and Capitalism, which were often offered as the sole solutions for third-world countries, by announcing the "Principle of Equal Irrelevance." Lohia strongly preferred proper technology that would lessen drudgery without leaving the average person at the whim of powerful outside powers. He predicted a day of the "monotonic mind" in 1951, when there would be nothing to do since all of life's issues would have been solved by technology. Other revolutions in Lohia's list included addressing man-woman inequality, eradicating inequality based on colour, and protecting individual privacy against the encroachment of the collective. These were in addition to the procedural revolutions of nonviolent civil disobedience, bridging the rich-poor divide, eliminating caste, and revolution against incursions of the big machine.

In India, several of Lohia's revolutions have proceeded, some more successfully than others. He would find it repulsive that certain revolutions have had perverse outcomes. However, Lohia was not the one to back down from a fight or a disagreement. Lohia thought that championing issues helped a party gain support. Lohia sought to replace private schools with improved municipal (government) schools that would provide all kids, regardless of caste, with an equal chance to succeed academically. He felt that doing this would aid in eradicating the caste system's divides. In order to give the general population greater influence in Indian politics, Lohia devised a strategy to decentralise the government's authority. In order to address the common issues faced by farmers, he also established Hind Kisan Panchayat.

CONCLUSION

In conclusion, this investigation of notable Indian intellectuals' economic ideologies reveals a wide range of concepts that have profoundly influenced India's economic environment. These economists have had a lasting impact on India's development trajectory, from the early nationalists like DadabhaiNaoroji who revealed the economic effects of colonialism to the contemporary visionaries like Ram ManoharLohia who promoted social justice and equality. Contemporary policy debates still emphasise the need of industrialization, education, and sustainable development, as stated by G.K. Gokhale and M.G. Ranade.The "limitation of wants" concept of Mahatma Gandhi opposes the dominant consumer-driven economic paradigms and promotes a more sensible and balanced view of success. The "Theory of Wantlessness" by J.K. Mehta offers a distinctive viewpoint on human wants and places a strong emphasis on the value of moderation and sustainability in the quest of pleasure.The contributions of B.R. Ambedkar highlight the need of fair resource access and land reform in resolving India's structural caste-based inequality problems. Ram ManoharLohia's ardent anti-caste agitation, meanwhile, serves as a reminder of the nation's continuous fight for social justice.In conclusion, these economists have jointly moulded the economic discourse in India by providing a wide range of suggestions and responses to the problems facing the country. Policymakers and academics alike continue to be guided by their lasting impact as India negotiates the challenging terrain of economic growth and social fairness in the twenty-first century.

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CHAPTER 4
ECONOMIC EVOLUTION: INFLUENTIAL THINKERS IN INDIA'S GROWTH JOURNEY

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ABSTRACT:

This paper gives a broad review of the important economists and intellectuals who influenced India's economic growth strategy from the late 19th to the late 20th century. It explores the many theories and plans put out by these thinkers, highlighting the divergent viewpoints of individuals like Jawaharlal Nehru and P.C. MahalaNobis as well as alternate theories put forth by academics like V.K.R.V. Rao, Amartya Sen, and I.G. Patel. The conversation also demonstrates how Indian economic philosophy has evolved, moving from a focus on growth to a more comprehensive analysis of development and wellbeing. Additionally, it contrasts current economic ideas with traditional Indian thoughts on development. This historical research provides insightful information on India's economic growth and the wide variety of ideologies that have influenced it. India's economic development has been a dynamic and changing process that has been affected by a wide range of theories and ideologies. This rich history of economic philosophy may be used to inspire policies that prioritise the welfare and development of the nation's citizens while simultaneously promoting growth as the country continues to navigate the challenges of economic development.

KEYWORDS:

Development,Economic Development, Government,Welfare.

INTRODUCTION

The contribution of a small group of academics to economic progress from the late 19th to the late 20th centuries is briefly discussed in this section. The issues discussed vary from colonial underdevelopment to development challenges brought on by complexity resulting from social and institutional variables as well as resource limitations. The unit describes the issues that were addressed in the work done by the group of economists discussed, as well as the course that they recommended, including issues with small farmer economies, inadequate educational outreach, under-utilisation of certain resources like human labour, unproductive hoarding of resources like gold, etc. Even if many of the proposals offered by the authors are put into practise, the application of economics itself is so complicated that the issues that the solutions to those issues were meant to solve still exist today. As a result, the competition for the best development plan is ongoing. The history of development thinking presented in this unit aims to give the learners a perspective of the wisdom displayed by the contributors to India's economic thinking and policy given the constraints of changing conditions and context with which all economic theorists and philosophers should cope. A small part on Ancient Indian Economic Thought on Economic Development is also included, along with a comparison of its unique characteristics to Modern Economic Science. This unit will also provide some insight on the decision about India's future growth route.

Debats On Development Planning Models

It is reasonable to assume that agricultural sector changes, of some kind or another, would be supported by philosophers given the sizable rural population's reliance on agriculture and their desire to better the lives of vast numbers of impoverished farmers and agricultural workers. Even in this case, considering a mixed model that derives from both agriculture and industry, the latter suitable for the village model like the Khadi and Village Industry (KVI), is in line with the requirements of a significant agrarian base of a less developed economy like India as it was five to six decades ago. However, the contribution of thinkers who anticipated the necessity for heavy industries to give a solid basis of better productivity avenues not only to the workforce displaced from traditional agriculture but also to the enormous urban educated young force has also contributed to developmental planning in India. They anticipated that in addition to the KVIs, modern industries would need to be pushed by building a solid foundation with investment from the government. The methodology of four such prominent philosophers, politicians, and economists who fit under this category is discussed in the current section.Nehru, Jawaharlal, and P.C. 'Mahalanobis Model' is a term coined by Mahalanobis.Jawaharlal Nehru, the first Prime Minister of India, was motivated by the centralised planning and quick economic growth of Russia. He served as the chairman of his party's Economic Programme Committee, which was dedicated to planned economic growth with a focus on the public sector. He was greatly influenced by the Soviet approach of focusing initial investment on heavy industries to support long-term self-reliant growth[1], [2].

The Second Five Year Plan was developed on the basis of differentiating the Capital goods sector and Consumer goods sector, as well as the non-shiftability of capital goods, as opposed to the First Plan, which was based on a crude Harrod-Domar model that links the aggregate rate of growth to the aggregate rate of capital accumulation through a given incremental capital output ratio. The Nehruvian focus on long-term self-sufficient growth inspired P.C. to create the core structure of the Plan. Mahalanobis, and is referred to as the "Mahalanobis Model" or even the "Nehru-Mahalanobis Model" by some. Rapid industrialization with a focus on the growth of heavy industry or the capital goods sector was the Second Plan's aim. According to the rationale, a major nation like India would need to build the fundamental technology and equipment required to generate consumer products if it wanted to raise its population's consumption in a sustainable way. Long-term import dependency would result from producing consumer products only from imported capital goods. On the export front, the main justification was as follows: The diversification of the export basket in the direction of manufactured products, notably machinery and equipment, would result from the gradual growth of a heavy capital goods base over time. By adopting "capital light" techniques of production, it would be possible to meet the increased demand for consumer products brought on by the growth in employment.

In his two-sector model, Mahalanobis separated the economy into the consumer goods and capital goods sectors. Mahalanobis eventually expanded the two-sector model into a four-sector model. The four-sector model was connected to the placement of investments across sectors, while the two-sector model focused on the allocation of investments across time. The four industries that were considered were: (i) investment goods; (ii) consumer goods produced in factories; (iii) consumer goods produced in homes, including agricultural products; and, (iv) consumer goods.

The goal was to establish a foundation for the manufacturing of investment products. According to Mahalanobis's two-pronged plan, the development of cottage industries, which have high output-capital ratios, together with increased investment allocation for capital

goods, would maintain the supply of consumer products. Under the premise that food production has a high output-to-capital ratio, agriculture is also categorised as home industry, provided the sector is supported by land reforms.

The detractors have identified a number of shortcomings in the Mahalanobis model. One is that it gave little thought to the substantial amounts of savings required. Without advancing agriculture, significant savings in a mostly agricultural nation would not be possible. Furthermore, it was noted that the concept of restricted international commerce neglected the foreign exchange limitation. Due to a lack of supplies and inflation, the concept did have implementation issues. But over time, many came to see that the Mahalanobis model did indeed form a solid basis for establishing a heavy industrial base in India, despite initial implementation challenges[3], [4].

In addition to P.R. Brahmananda's Model of Wage-Goods

A doyen of Indian economics was C.N. Vakil. He was the Bombay School of Economics' first director. He was renowned for his contributions to the current issues facing the Indian economy, such as the productivity in the country's economy and the financial effects of the country's division. P.R. Brahmananda, who was a C.N. Vakil advanced to become one of India's preeminent economists. Although practically all disciplines of economics benefited from Brahmananda's contributions, monetary economics remained his area of expertise. Reconstructing classical economics for emerging nations was his greatest contribution to economic theory. He had an expanded classical stance while looking at the welfare economics and development issues. Here, we'll take a closer look at a model he contributed that became well-known as an alternative to MahalaNobis' model.

DISCUSSION

The 'Wage-Goods Model' was put up by Vakil and Brahmananda in their well-known book Planning for Expanding Economy (1956) as an improvement over MahalaNobis' 'Heavy Industry' model for the Second Plan and as a more suitable model for the Indian economy. They contended that MahalaNobis's paradigm was influenced by Soviet experiences, which were quite unlike from Indian circumstances. Additionally, the international environment in which the Soviet Union's industrialization took place was unfavorable to the importation of capital goods into that nation. India's circumstances were quite different.

According to Vakil-Brahmananda, India's biggest issues are low savings rates and covert unemployment. Their approach expanded on Nurks' theory of hidden "savings-potential" in rural disguised unemployment conditions in less developed nations. Under- or disguised employment were both prevalent in the Indian economy. The existence of "disguised employment" meant that the work that was accessible to individuals working in domestic industry and informal agriculture was below their skill level.

Workers might be moved to projects in the event of underemployment without having an impact on output. Vakil and Brahmananda suggested making good use of the 'disguised unemployed's' hidden saving potential in productive projects and using the meagre savings to produce 'wage-goods' that could be supplied to satisfy the demand of those working on projects that generate economic overhead capital. Therefore, wage-goods encompass items needed for both sustaining oneself and carrying out one's job. Withdrawing excess labour from traditional industries like agriculture would boost overall productivity and savings in addition to accumulating money in the form of infrastructure projects.

Welfare And Development

Even with proper consideration given to the benefit of agricultural sector workers via the implementation of land reform laws and the creation of village industries suitable for local resource utilisation and capabilities, the focus on expansion nevertheless left development of human capital largely undeveloped. Thus, it became clear that the word "growth" was insufficient to define the intended societal result of planning. As a result, throughout the latter part of the 20th century, the necessity to prioritise "development and welfare" gained traction. This paradigm shift in economic thought was influenced by several economists. The following section highlights some significant contributions made in this approach by economists and philosopher-thinkers[5], [6].

Amartya Kumar Sen: Human Development and Capabilities

Amartya Kumar Sen is an exceptional scholar whose contributions to philosophy are just as significant as those to economics. He is the only Asian to win the Nobel Prize in Economics. His contributions to economics include social choice theory, method selection, welfare economics, economics and ethics, and poverty and famines. However, in this section, we'll focus on his idea of capacities and method for measuring human progress.The idea of "capability" is Sen's ground-breaking contribution to development economics and social indicators. "A set of functioning bundles representing the various alternative "beings and doings" that a person can achieve with his or her economic, social, and personal characteristics," is how he defined "capability," according to the author.

According to this definition, capability is "equivalent to a person's freedom to lead one kind of life as opposed to another." Therefore, it follows that a person's potential may either be suppressed or achieved by their own agency [for instance, by denying them access to fundamental amenities like food, education, land, freedom of speech, or health care]. However, for the person to be able to achieve his potential, supporting acts by other people and a variety of institutions, including the "developmentalist" state capable of public action, would also be required. Thus, the enjoyment of freedom not only freedom of expression in the strict sense, but also the freedom for people to see their own potential is at the heart of growth itself.

Development as Freedom (1999), Sen's most significant contribution to this debate. It redefines wellness for humans as the development of potential. Development, according to him, entails getting rid of many kinds of restrictions that give individuals little options and few chances to use their rational agency. He divides happiness into two parts: happiness that is concerned with one's own interests and happiness that is concerned with the interests of others. Democracy is seen as the most favoured form of government with the best potential to increase fundamental liberties. Therefore, in order to achieve development, the talents and rights of the poor and oppressed must be increased and improved (Sen's empirical work, particularly on India, places a strong emphasis on education and healthcare). Since freedom is ultimately the goal of growth, the objective of capability expansion should be to improve freedom itself.

His philosophic and theoretical contributions to development have improved the metrics used to gauge human progress and poverty levels. He played a key role in the creation of the Human Development Index (HDI) and its manifestation in the Human Development Report of the United Nations Development Programme, which signified an alternative to the neoliberal "Washington Consensus" on measures of poverty. Sen demonstrated that despite low per capita incomes the traditional growth indicator used by the World Bank and other international organizations a handful of nations have high levels of human development. He

and other academics at the UNDP have thus proposed that, rather than growth-centered economic strategy, development policies should be more focused towards boosting human development (capabilities) as measured by a wide-range of multivariate indicators. This endeavour was a step towards talking about other factors that contribute to competence, such as gender roles, fertility, and gendered mortality risk. Sen, for instance, has made a strong case for the extending of freedom and independence to women and children in developing nations, claiming that doing so has measurable impacts on mortality, well-being, and the reduction of poverty. He views sex-selective abortion in underdeveloped nations and the disregard of women's nutrition and health, particularly among impoverished African Americans in the USA, as crimes.The main complaint levelled against this representative of humanitarian economics is his silence on the connection between the manufacture of 'opulence' and the denial of skills and rights. He says nothing about the 'unfreedoms' that lead to the affluence of an ever-shrinking few and the denial of capacity improvement for the majority via the appropriation of surplus value. The argument for a dramatic redistribution of wealth is not made in Sen's most important publications, either. Sen's liberal outlook also makes him unable to handle issues involving vested interests, conflict politics, and mass mobilization.

I.G. Patel started his career at the IMF and then advanced to positions as the Governor of the Reserve Bank of India, Economic Advisor to the Government of India, and Director of the London School of Economics. His primary area of study interest was India's gold crisis.According to Stanley Jevons, India has been dubbed the "perpetual sink of the precious metals." What accounts for India's almost insatiable thirst for gold, and how might its wealth be mobilised for useful purposes? I.G. In his early years at the IMF, Patel became interested in the gold issue and published a ground-breaking report on "India's Elasticity of Demand for Gold" on August 21, 1950. By trying to correlate the net movement of gold from (or to) private hoardings between 1925 and 1942, it attempted to assess how sensitive India's demand for gold was to variations in its relative price. He uses two variables, namely. relative cost of gold and consumption of refined sugar as a stand-in for gross domestic product. The findings revealed that gold's demand responded very quickly to changes in its relative price. Price, according to Patel, has traditionally been a more significant explanatory component than income. Although he was aware that the methods utilised had a propensity to overstate the price-effect and underestimate the income-effect, he chose not to publish the work[5], [7].

Patel persisted in debating the issue of how to effectively invest in India's economic development by using the stock of gold that has been hoarded and the flow of gold that has been smuggled. In an article titled "On Turning Gold into Base Metals" (Economic Weekly, 1958), he addressed this problem. The article provides a carefully considered analysis of various methods for adding private gold to official reserves, including (i) government purchases on the open market, (ii) the issuance of bonds redeemable in rupees against delivery of gold, (iii) bonds that must be subscribed for and redeemed in gold, and (iv) acquisition by force. However, he came to the conclusion that a "mixture of sustained propaganda, compulsion, and incentives affecting people's expectations about the value of gold in the future" was needed to find a solution to the issue. He was aware of people's naïve trust in just owning gold without getting anything done. Therefore, he was looking for a fix for this issue. Whatever the final outcome, he said that the campaign to remove gold from the privileged position it now has in India "deserves more serious consideration at the hands of thinking people in the country than it has received so far" (Patel 1958). Since he made that statement fifty years ago, there hasn't been any significant investigation or discussion of India's gold issue.

Selected Outstanding Contributions to Welfare and Development

Numerous development economists contributed to the debate on development planning in India after independence. Here, three such contributions are briefly discussed.Eminent economist Dr. V.K.R.V. Rao was also a well-known academician, administrator, and institution builder. He belonged to the renowned Political Economy Club at Cambridge, which was led by John Maynard Keynes. The scientific calculation of national income was the main contribution made by Rao. Therefore, we will limit our discussion of his work to its macroeconomic and developmental dimensions. His first contribution to macroeconomic theory, made in 1952, looked at the relationships between investment, income, and multiplier. He made the point that developing nations like India are not covered by the Keynesian multiplier. He listed the following as the primary characteristics of an underdeveloped economy: the prevalence of disguised unemployment, the dominance of production under household enterprises, a sizable amount of production for self-consumption, the predominance of agriculture, a lack of technical knowledge, a lack of capital equipment, a high marginal propensity to consume of almost unity, and a While there would be a primary rise in investment, according to Rao, there would be no following, secondary, or tertiary effects from increased investment in the form of increased production in the consumer goods sector. The multiplier process would not work as a result. Rao, however, was a fervent supporter of using deficit finance to cover capital account deficits. He saw deficit financing as a wise course of action when used to finance capital expenditures for economic progress. If controlled, the ensuing inflation may be perceived as a way to push people to save money. The idea behind this was that one might absorb a significant percentage of the increase in monetary revenues brought on by the increase in prices while maintaining steady salaries.

K.N. Raj

The establishment of the Delhi School of Economics was greatly aided by K.N. Raj. Raj contributed to the creation of the First Five Year Plan. At Thiruvananthapuram, he subsequently founded the Centre for Development Studies. He and his coworkers contributed to the establishment of what was subsequently known as the "Kerala Model" of development by working on Kerala's economy for the UN. The Kerala Model still stands for the coexistence of low per capita income and very high physical quality of life metrics, despite the fact that the Kerala economy is changing. His focus on institutions of higher learning, medical care, and small-scale businesses is firmly anchored in welfare economics.

D.R. Gadgil

Leading post-Independence nationalist D.R. Gadgil returned from Cambridge and founded the Gokhale Institute of Economics and Politics in Pune. He ultimately rose to the position of Deputy-Chairman of the Planning Commission. Agriculture, irrigation, and institutions were the main topics of his research. He placed a strong focus on cooperatives for the growth of agro-based industry and agriculture. In India, he was a pioneer of decentralised planning[8], [9].

Ancient Indian perspectives on development in contrast to contemporary economic theory:

The majority of the ancient Indian literature, which was written in Sanskrit, is frequently mistakenly thought to be a dissertation on philosophy and the metaphysical aspects of existence. However, there are several fundamental ideas on human wellbeing and economic progress in this extensive body of literature. The majority of the fundamental ideas in this literature have had a big impact on our nationalist and socialist intellectuals, both from the

pre-independence and post-independence eras. Learning the broad strokes of this traditional Indian philosophy is helpful. This framework is known as the AIPD (Ancient Indian Paradigm of Development). The Modern Economic Science of Western Vintage (MES) and the AIPD may be contrasted and compared. According to AIPD, the concept of man is an amalgam of materialism and conventional ideals. Contrarily, MES formulates the objectives of economic activity in terms of material self-interests and views Man as a Rational Economic Man. The scope of economic activity is determined by the strategy of profit, national income, foreign exchange earnings, consumption, etc. maximisation. The AIPD promotes moderation in consumption and believes that increased capital creation and development should be achieved within a framework of Values, such as equality and the promotion of social welfare to the fullest extent possible. All actions have a common set of objectives that are referred to as Dharma (Values), Artha (Capital Formation), Kaama (Basic Needs Consumption), and Moksha (Highest Efficiency). The AIPD prioritises social justice and promotes the idea that social welfare issues should take precedence over drives for pecuniary self-interest. Gross Domestic Product plus Moral Values of Life are combined to form Gross Welfare Product in AIPD. The AIPD abhors the strategy of achieving rapid GDP development without a dedication to Values and Morality in human lives. Some of the Values that are emphasised in the Ancient Indian Paradigm of Development include contentment, self-sacrifice, cooperation, stress on performing one's own Duties before yearning for fulfilment of rights, simplicity in lifestyle, commitment to morality, and principles of managing oneself in such a way as to shun corruption and materialistic temptations.

CONCLUSION

Prominent economists and philosophers have contributed a rich tapestry of theories and proposals throughout India's economic history. Various philosophies have influenced India's development path, from the central planning strategy promoted by Nehru and MahalaNobis to the ground-breaking ideas of V.K.R.V. Rao, Amartya Sen, and I.G. Patel. Sen's advocacy of the move from a limited emphasis on economic growth to a more comprehensive examination of development and welfare has had a significant influence on the discussion of policy.The contrast of traditional economic theories with ancient Indian viewpoints on development also emphasizes the continued importance of morality and ethics in the quest of economic advancement. With its focus on moderation, social fairness, and moral values, the Ancient Indian Paradigm of Development (AIPD) provides an alternative viewpoint to the materialistic goals often associated with modern economic science (MES).Written in the sixth or seventh century B.C., Kautilya'sArthaS'astra is a book on economics and political science. describes the different tenets of effective governance and the development of a welfare state.

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CHAPTER 5
ECONOMIC DEVELOPMENT, STRUCTURAL CHANGE AND GROWTH PATTERNS

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ABSTRACT:

This study examines the complex interplay between economic growth, structural change, and savings and investment behaviour, with a focus on India specifically. It explores the ideas and empirical data underlying the shift from agricultural to industrial and service-based economies, illuminating the difficulties and variations experienced by emerging countries like India. A.G.B. Fisher, Colin Clark, and Simon Kuznets, among other prominent economists, have their historical and modern viewpoints analysed in the research to better understand the dynamics of structural change in the context of economic development.The article also looks at India's path to economic growth, showing the significant changes in GDP composition and per capita income over time. It highlights the distinctive course of structural change in India, where the fast expansion of the service sector has exceeded that of the manufacturing sector. This unusual growth necessitates a rigorous assessment of the viability and consequences of such a development route.Drawing on the views of economists like W. Arthur Lewis and RagnanNurkse, the conversation also explores the crucial role that savings and investment play in economic growth. It demonstrates India's shift from low to high savings levels and the ensuing increase in capital creation, which was a key factor in the country's recent economic success.In conclusion, despite notable successes, India's economic growth path has been hampered by enduring difficulties. Savings, investment, and structural change are essential elements of the country's economic narrative, but they must be matched by policies that advance income equality, fight poverty, and heal regional divisions. India can only hope to realise its full potential and provide all of its population a better quality of life via a comprehensive approach to development.

KEYWORDS:

Economic Development, Growth Patterns, Investments, Income Distribution, Poverty Reduction, Savings.

INTRODUCTION

Economic development may be seen of as the process of turning a developing nation into one that is wealthier. It is often quantified in terms of GDP growth per capita. Understanding this transformation process requires identifying the factors that must be energised in order to increase GDP. The process of turning an economy with low savings and low investment into one with high savings and high investment might thus be seen as development. From a structural perspective, it may be described as the process of converting a nation that mostly produces primary products into one that primarily produces industrial goods. In this section, we'll look at the theoretical and empirical data that supports an explanation of economic growth that involves a certain pattern of structural change. We will investigate the kind of structural change that has occurred in India within this context. We'll focus on how India's savings and investing habits have changed over time. Finally, we will discuss how growth has affected issues like regional inequalities, income distribution, and key ongoing economic issues like poverty reduction[1], [2].

Construction And Structural Change

Structure and growth difficulties in less developed nations are generally dealt with by development economics. There are two types of structure in economics. One is worried about how well institutions like the market and the government work and what part they play in how resources are distributed. The link between the various economic activity sectors is discussed in the second structural alternative. This variation sees structural change as a long-term process of economic development that follows growth. This strategy's defining characteristics include factors that affect the whole economy, such industrialization, urbanisation, and agricultural change. We are interested in the latter category of structural analysis, which examines growth and the ensuing structural change. For the purpose of simplicity, let's assume an economy with three sectors: the primary sector, which consists mostly of agriculture, the secondary sector, which consists primarily of industry, and the tertiary sector, which consists primarily of services. We will discuss the patterns of structural change that occur when an agrarian rural economy with low income transforms into a non-agrarian, industrial urban economy with a much higher per capita income.

Fisher, A.G.B., and Clark, Colin

William Petty (1623-1689) and Friederich List (1789-1846) are credited with the idea of economic growth and its structural transformation's initial contributions. However, A.G.B. Fisher (1935, 1939) and Colin Clark (1940), who discussed the sectoral transitions in terms of their labour force composition, are credited with developing the current understanding of sectoral transformation. Fisher and Clark describe the reallocation of workers throughout the time of modern economic expansion using the trichotomizedsectoral categorization of an economy into primary, secondary, and tertiary sectors. They claim that as economies grow, the workforce's proportion will move from the primary sector (agricultural) to the secondary sector, then to the tertiary sector. A graphical representation of the Fisher-Clark explanation is possible. the kind of workforce changes that occur when a country's economy transitions from a low to a high income per capita.

Agriculture gradually loses workforce share as we go down the path of development indicated by per capita income on the X axis, while industry gains workforce share. Compared to the expansion in services, the percentage of the employees in industry is growing significantly more quickly. The relative proportions of all sectors settle, with agriculture having the lowest share, nevertheless, at a point when per capita income peaks. First, according to Engel's Law, when earnings grow, the demand for industrial goods rises more than proportionately and the need for food rises less than proportionally. This is one of the key explanations for the shift in labour force to industry. In other words, the demand elasticity for industrial goods is bigger than it is for food. Second, industrial productivity is increasing at a quicker pace, attracting more investment and job opportunities.

Peter Kuznets

Simon Kuznets synthesised the general patterns of economic development based on empirical data of the long-run transformation of a wide number of nations. Kuznets also links the employment transitions in the proportions of contribution to national income, extending the examination of workforce shifts from primary to secondary to tertiary sectors. By separating the three phases of change as follows, the ensuing link between growth and structural transformation is adequately captured:

Primary Production: The preponderance of primary activities, particularly agriculture, which serves as the major input for the production of the secondary and service sectors,

marks the beginning of the change. Slower overall growth rates, poor demand for manufactured products, and sluggish agricultural expansion are common characteristics of this early stage of change.

Industrialization: The shift in the economy's centre of gravity from primary production to manufacturing defines the second stage of transition. The relative significance of manufacturing's contribution to growth serves as the primary measure of this change.

The developed economy: On various fronts, stage 2 to stage 3 transition occurs. Manufacturing's income elasticities are decreasing. Services are more in demand. Growth in factor productivity extends to many industries, not just manufacturing. The biggest source of employment and national income is found to be in the provision of services. In terms of labour share, agriculture comes in last, but labour productivity there rises to a very high level. The salary difference between agriculture and other industries begins to narrow[3], [4].

Knowledge of Developed Nations

The ideal pattern of structural change that has been seen in the majority of industrialised nations. Five percent of employees work in agriculture, which is the largest number. It is around 25–30% in the industrial sector. The majority of employment, or over 65–70%, is in the service sector. Sectoral contributions to GDP are likewise roughly in the same range, with the service sector accounting for the majority nearly 70% or more and agriculture contributing less than 5%, industry contributing between 25 and 30 percent. However, the experiences of late-developing nations like India have certain distortions, notably in the shifting of worker shares.

India's Growth and Structural Change

Since the start of the planning period, the Indian economy has grown at an average real rate of around 3.5% annually for over three decades. The Indian economy has been on a path of relatively strong growth since the 1980s, when it diverged from this moderate development path. There has been significant structural change related to this development in GDP and per capita income, notably in terms of GDP sector composition. The structural change in the GDP from 1950–1951 to 2004–2005. As predicted, the primary sector's proportion of the economy has decreased significantly from 57.7% in 1950–1951 to 20.90% in 2004–2005. In 2004–05, the secondary sector's (industrial) share was 25.54%. The secondary sector's contribution varies from 35 to 45 percent in many similar countries. The growth of the industrial sector is seen as playing a technically dynamic function in economic literature. But in India, the tertiary sector's (services) growth is outpacing the manufacturing sector by a wide margin.If the manufacturing sector is lean, can the growth driven by services be sustained? However, it is suggested that the traditional role of the manufacturing sector as a vehicle for infusing dynamism is now assumed by the so-called services sector, which includes ICT, in light of the technological dynamism infused by information and communication technology (ICT) and spread to the manufacturing sector.

DISCUSSION

The absence of a commensurate change in the percentage of employment along with the changes in the share of GDP, however, is reason for worry. For example, demonstrated that the sectoral workforce and GDP shares are almost equal, demonstrating consistency in the distribution of high productivity levels throughout the sectors to the overall economy. Additionally, it implies that income gaps across industries are decreasing. In comparison, for India demonstrates that despite a sharp fall in the agricultural sector's contribution to GDP,

that sector's labour contribution is still relatively high (57 percent in 2004–2005). This suggests that the agricultural industry is low-productivity and low-income. In contrast, the proportion of the "services" sector in the GDP has increased significantly while the proportion of employment has increased comparatively very little. Inter-sectoral income disparities are made worse by the service sector's high levels of productivity and revenue. As a result, unlike the industrialised countries, the structural change of the Indian economy seems to be taking its own course and producing structural distortions.

Savings And Investment Structure Changes

The central idea of classical, Marxian, and contemporary development theory has been capital accumulation, capital creation, or simply investment. Economic growth is really thought of as a process of capital accumulation. The 'development theory' has mostly been devoted to explaining why impoverished countries do not have sufficient savings and how nations must transition from a path of low savings to high saves. According to W. Arthur Lewis (1957), "the central problem in the theory of economic development is to understand the process by which a community transforms itself into an economy where voluntary saving is running at about 12 to 15 percent of national income or more" Thus, "savings is the engine of growth," in accordance with development theory in general. Low savings also contribute to poverty, according to RagnanNurkse's renowned theory of the "vicious circle of poverty," which he proposed in 1953. poor income causes poor savings and investment, which in turn causes the market to be small, investment levels to be low, productivity returns to be low, and income levels to be low. Therefore, the fundamental development issue raised by Nurkse is how to escape the vicious cycle of low savings and poor investment.

There have been concerns raised about the growing savings rate as a percentage of national income acting as a growth catalyst. It was suggested that as savings and physical investment per person increased, the returns on investment would decline and saves would cease to serve as the "engine of growth." The "endogenous growth theory," which held that savings allowed for the accumulation of knowledge as well as physical capital, which fended off declining returns, refuted this claim. The pace of growth might differ depending on the policies that altered savings. The idea that "savings is the engine of growth" and that growth rates may be altered by policies that offer the incentive to save were thus given a solid basis by the "endogenous growth theory." High levels of savings and investment are required in order to attain greater rates of development, as shown by East Asian nations' and India's recent experiences.

Capital Formation (Savings and Investment) in India

In the 1950s and 1960s, savings and investment levels in the Indian economy were very low. In recent years, savings and capital accumulation levels have increased somewhat. In India, estimates of savings are available for three different industries: households, private corporations, and the state sector. Along with people, all non-government and non-corporate businesses including sole proprietorships, partnerships, and institutions are included in the household sector. The savings by source for the Indian economy from 1950–1951 to 2004–2005. Examining the savings data in reveals that, up until the late 1960s, the GDP's higher proportion of low-productive (and, consequently, low-saving) agriculture and the underdevelopment of institutions for the mobilization of savings, particularly in rural areas, contributed to the low rate of growth of savings. Between 1968-1969 and 1975-1976, savings significantly increased as a result of bank nationalization, the fast development of bank branches, and better agricultural performance[5], [6]. Beginning in the late 1970s, household savings saw a dramatic growth that was mostly driven by substantial increases in remittances

from abroad. During this time, corporate savings also began to rise. Savings remained steady throughout the 1990s at a comparatively high level of roughly 24%. A new period of rapid growth in savings began in 2000-01, mostly as a consequence of a significant increase in business savings, which helped the whole country's saving reach an exceptionally high level of 34.8 percent in 2006-07. India’s savings and investment levels have recently risen to high levels that are equivalent to those of South East Asian nations. One of the key drivers of the high levels of development India has enjoyed in recent years has been continuous high levels of savings and investment.

Modifications to Investment Structure

The investment structure has changed throughout time in relation to the industry of usage. According to the NIC-1987, the 3-sector categorization of the economy is further divided into a 9-sector 1-digit classification. These developments are shown for India between 1950–1951 and 2004–2005. These changes in the industry shares are caused by a number of variables. As was already noted, the productive sectors that contribute to total national output and revenue production would change as a result of economic growth. For instance, as the proportion of industry and the service sector grows, the proportion of agriculture and the primary sector as a whole decrease. The shifting structure of investments also reflects these changes. Second, when economies improve, sectors with greater capital intensity, such as manufacturing and energy, are likely to draw more investment. Third, policy-driven goals may cause investment in certain areas to decrease. For instance, a reduction in agriculture's investment share may result from neglecting it in governmental objectives. Additionally, changes in the relative percentage of investments in the public and private sectors may occur, similar to changes in the share of investments across productive sectors. In contrast to the percentage of private investment, which climbed significantly, the share of public investment has decreased as a result of economic reforms and the reduced involvement of the state in the productive sectors.

Nature Of Growth And Developmental Outcomes

The idea that economic development is just a tool for achieving better living circumstances is increasingly more widely accepted. Therefore, the main issue at hand is with the effects or consequences of growth. Whether poverty has decreased as a result of growth? Do we have any progress in ending poverty? Whether employment has decreased as a result of growth? Or, has employment increased? If so, what kind of work, and how has it affected your standard of living? Does growth result in less inequality? Are there less differences across regions? To comprehend the nature and effects of development, these are the crucial questions. The UNDP Human Development Report of 1995 had proposed that the following five forms of growth are not desired in order to concentrate on the consequences of growth on the many components of development: (i) Jobless growth, which refers to a growth profile that does not indicate an increase in employment; (ii) Ruthless growth, which refers to growth that worsens inequalities; (iii) Futureless growth, which refers to growth that disrupts the environment and ecological balance; (iv) Voiceless growth, which refers to growth that does not increase the level of empowerment of the underprivileged sections of society, such as women, tribal people, scheduled castes, etc.; The topic of employment and unemployment has previously been covered[7], [8].

Indigence in India

Numerous private and public assessments of poverty in India have been made since the early 1970s. The majority of them are based on data from household consumption expenditures that the National Sample Survey Organisation (NSSO) collects every five years. The commonly recognised definition of poverty is a minimal standard of living, which is

sometimes expressed in terms of a certain minimum calorie (energy) intake. The so-called "income poverty line" is created by first calculating the minimal calorie or energy needs, then converting them into physical amounts like grains, pulses, milk, etc., and then estimating their monetary counterparts in terms of the prices of goods that are currently available on the market. The resultant necessary minimum per-capita consumption expenditure is known as the "poverty line". In India, poverty levels are calculated separately for the nation as a whole and for urban and rural regions.

To study the methodological and computational issues of calculating the number of poor in India, the Planning Commission established a "Expert Group" in 1989. Certain requirements for the computation of consumption standards for those living in poverty were proposed in the Expert Group Report from 1993. For rural regions and metropolitan areas, it recommended a minimum monthly per capita consumption spend of Rs. 49 and Rs. 57, respectively. This was based on the 2,400-calorie daily intake for rural regions and 2,100 calorie daily intake for urban areas. The Expert Group suggested that all states implement these standards universally.The Expert Group's advice forms the foundation of the majority of the official estimates of poverty in India. However, there are a few flaws in the official estimations. First, applying a consistent national average price index has affected estimates of poverty levels in various states in a nation with significant regional variances. Second, the official figures are created only by adjusting for price changes without taking into account how the consumption basket and the necessary expenditures to achieve minimum calorie or energy standards have changed. Third, the official figures are often inaccurate and misleading since they are sometimes based on "thin samples" and varying "recall periods." Different estimations of poverty in India have been made by different academics.

Due to changes in the technique used (e.g., using various price indices for States, applying adjustments for variances in recall time, etc.), independent estimates of poverty based on the same data source (NSSO) vary from the official figures. Despite these variations, poverty has significantly decreased between 1973 and 2004—a span of around 20 years. The overall population of the poor has decreased from 1993–1994 in both urban and rural regions. The pace (speed) of poverty decrease has, however, slowed down throughout the reform era, which started in the 1990s. The poverty ratio decreased at a pace of 0.85 percentage points per year during the pre-reform era between 1983 and 1993-94, compared to a 0.70 percentage point yearly fall during the reform period between 1993-94 and 2004-05. The widening disparity between the levels of poverty in developed and relatively fast-growing States is another indicator of change.

Aside from measuring issues with the poverty figures, there is a growing understanding that poverty is a multifaceted issue and that a simple decline in the headcount ratio may not accurately depict the issue. More and more people live in poorer states, rural regions, and weaker communities. These communities have several deprivations, including a lack of access to housing, living amenities, improved health care, and education, in addition to low levels of consumption. As a result, there is a rising trend in poverty studies to address the issue's many facets.

India's Income Distribution

Despite having a vast and thorough statistical system, India lacks official data on income distribution. As a result, the National Sample Survey Organisation (NSSO) collects data on household consumption expenditures every five years as the foundation for most of the debate on inter-personal income distribution. As we all know, consumption spending gradually decreases as a percentage of family income as income levels rise. However, it is

also true that the amount of income is correlated with a rise in absolute consumer spending. Because of this, we substitute the distribution of monthly consumption expenditures per person for the distribution of income.

The Lorenz Curve or Gini Coefficient is a common way to quantify income inequality. The Gini Coefficient has a range of 0 to 1, with a bigger value indicating more inequality. Gini coefficients of '0' and '1', respectively, denote complete equality and inequality, respectively. Therefore, we utilise the Gini ratios of distribution of per capita monthly consumer spending to quantify income inequality in India. In India, growth rates have been rapid since the early 1980s. Inequalities in both urban and rural regions somewhat decreased between 1983 and 1993–1994 (the pre–reform era). In rural regions, the Gini ratio for monthly per capita consumption expenditure (MPCE) fell from 0.31 to 0.29. The MPCE gap between urban and rural areas widened, nevertheless. During this time, the ratio of rural MPCE to urban MPCE fell from 0.66 to 0.61.

Inequalities in the income distribution of both rural and urban regions have grown over the post-reform era between 1993–1994 and 2004–2005. The gap in income between rural and urban regions has widened further. The rural MPCE's Gini ratio grew slightly from 0.29 to 0.30. Urban regions also saw a little uptick, from 0.35 to 0.36. From 0.61 to 0.56, the ratio of rural MPCE to urban MPCE decreased significantly. Consequently, the income disparity is becoming worse despite the fact that economic reforms have led to high rates of economic development. Additionally, while poverty has decreased, it has done so at a slower pace. The affluent have become wealthier while the poor have somewhat increased their spending, leading to a rising income gap between the two groups[9], [10].

We started off by assuming that an economy is made up of three main economic sectors: primary, secondary, and tertiary. Changes in the economic structure will occur as a result of economic progress. According to the historical experience of the industrialised nations, the economic structure shifts from being mostly agrarian to industrial with increases in national wealth. With further advancement, the services will account for a significant portion of production and employment. Even while India has undergone structural transformation over the last more than fifty years, this development has not quite followed the pattern of Western nations. First off, even while the agricultural sector's contribution to national revenue has severely decreased and is now the sector with the smallest contribution, its worker share continues to be the greatest. Second, both in terms of production and employment, the industrial sector's contribution has remained small. Third, although though the service sector only accounts for roughly 22% of employment, its proportion of production has grown far more quickly than that of the industrial sector. The unit has also examined the primary drivers of economic development in India and found that savings and investment have grown substantially more quickly recently. This demonstrates that the macroeconomic underpinnings supporting India's current development trajectory are sound. However, the situation is less favourable when it comes to the results on the fronts of poverty reduction, income distribution, and regional inequalities.

CONCLUSION

India's economy had a unique growth path as it moved from an agrarian-based structure to one dominated by the service sector. However, the longevity and ramifications of this unusual trend are uncertain.There is little question that India's recent economic boom, which was fueled by high savings and investment rates, has established a solid basis for progress. The country's macroeconomic foundations are sound, and its economy has become one of the fastest-growing in the world. Nevertheless, not all facets of society have seen an equal

distribution of this increase. Income disparity still exists and, in some circumstances, has become worse over time. Furthermore, regional inequalities continue to be a serious issue due to the substantial differences in development results across states and areas.The continuance of high poverty rates in certain demographic segments emphasises the need for policies that place a high priority on inclusive development. GDP growth rates alone should not be used to gauge economic success; it should also take into account rising living standards, fair wealth distribution, and diminished regional differences. The constant challenge for India's policymakers is to handle these complex problems while maintaining economic development.

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CHAPTER 6
ECONOMIC EVOLUTION: INDIA'S JOURNEY FROM COLONIAL EXPLOITATION TO MARKET-DRIVEN GROWTH

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ABSTRACT:

This chapterexamined how development policies and tactics have evolved throughout the planning period, from the First Plan to the Eleventh Plan. Each plan's priorities were determined by the current economic issues, and often, short-term solutions to problems were implemented. But with time, the planning framework or methodology evolved. The Nehru-Mahalanobis framework for planning, which placed a strong focus on heavy industry, industrialization that replaces imports, and a crucial role for the public sector, lasted for more than three decades. This method was changed after extensive policy evaluation and reformulation. Even though there were developments in the 1980s that led to an easing of regulations and a certain amount of liberalisation, it wasn't until 1991 that there was a significant change in policy. This transformation was brought about by structural adjustment measures, which marked a transition from the state playing a predominate role to the market-driven growth brought about by economic reforms. The example demonstrates how such economic strategies, when implemented in a dynamic environment, may also have unanticipated negative consequences, such as social isolation. Therefore, remedial measures via regulatory institutions are required to guarantee that social justice and equality principles are taken into account.

KEYWORDS:

Financial Policy, Fiscal Policy, Market Policy, Poverty, Trade.

INTRODUCTION

Widespread poverty and underdevelopment throughout India's battle for freedom were mostly a result of colonial exploitation. India sought to abolish colonial rule and begin a path of quick economic development as soon as it gained independence. Early planning initiatives focused on the public sector's contribution to investment and development. But by the early 1980s, problems started to show up, which forced policymakers to rethink their support for state involvement. A trend towards market-driven growth and economic changes resulted from the formation of committees to analyse important policies. In this article, the transition to market-driven investment and development is highlighted as it examines the growth results, shifting objectives, and changing economic policies throughout India's Five-Year Plans.

One of the main issues throughout India's struggle for independence was the poverty and underdevelopment of the nation brought on by colonial exploitation. Therefore, one of the main goals of the liberation fight was to free India from colonial authority and set the country on the path to fast growth. There was broad agreement among the political elite and the local business sector that a free India would quickly industrialise and make significant public investments in infrastructure and heavy industries. As a result, when India's planning process got underway, the public sector had the sway over investment. Second, since the public sector

is given priority, each plan's strategies and goals were chosen in light of the current economic situation. However, by the early 1980s, there were issues with planning that called into question the fundamental policies and tactics that heavily favoured the role of the state, both in terms of investment and in terms of the regulation and control of the private sector. Several committees formed in the late 1970s and early 1980s were tasked with reviewing the principal policies. The result was a change in economic strategy towards market-driven development and economic reforms, as well as a reduction in the role of the state and a diminishing percentage of public investment even in planned investments. This section describes the growth outcomes of each plan, changes to the goals and methods of the plans, and changes to the primary economic policies that led to the current system of economic reforms with a focus on market-driven investment and growth[1], [2].

5 Year Plans' Priorities and Strategies

As was already established, the emphasis placed on sectoral goals and the development strategy under each plan is often determined by the current economic conditions. The general policy framework and the proportional contributions of public and private investment changed throughout time as well. This section is split into two sections to better reflect these larger changes. First six plans are covered in the first section, and then the seventh through eleventh five-year plans are covered in the second part.

Five Year Plan from 1 to 6

The First Five Year Plan (1951–1956) was created in response to serious issues that required rapid treatment. First, the country's division caused a massive flood of refugees who needed to be rehabilitated. Second, there was an urgent need to handle the serious food grain scarcity. Third, inflation was escalating and needed to be controlled. The presence of foreign currency reserves that could be used to finance imports of other goods as well as producing food was a plus. The First Plan's objective was to grow agriculture quickly in order to achieve food self-sufficiency. Agriculture was consequently given precedence within the context of the general goal of balanced growth all around.

In a stable environment, The Second Plan (1956–1961) was created. The First Plan's agricultural goals were accomplished. The price was stabilised. In this context, the Second Five Year Plan planned to give industrialization a significant boost. The Second Plan's concept was the Mahalanobis model with a focus on heavy industries. A decision to progress towards a socialist social structure was accepted by the political party in power. The Industrial Policy Resolution, 1956, which created the groundwork for private sector regulation and defined out the supremacy of the public sector in the basic, heavy, and strategic sectors, reflected this.

By the conclusion of the Second Plan, it was evident that agricultural development was lagging and that food supply was not keeping up with demand. As a result, the Third Five Year Plan prioritised agriculture more than it did basic industries and self-reliance. But since resources were diverted to address border tensions with China in 1962 and then Pakistan in 1965, the Plan's aims suffered. In reality, stagflation (poor growth with high inflation) for two years, 1965–1967 and 1967–1968, as well as a severe drought that affected the whole country, disrupted the planning process throughout. Food grain production was severely affected, and food imports peaked at roughly 12 million tonnes annually. A serious foreign currency crisis affected the economy. In 1966, the Fourth Plan's basic draught outline was dropped and a 'Plan Holiday' of sorts was instituted. In the middle of this, the rupee was devalued in 1966, and there followed a short period of deregulation and the introduction of market forces. However, the approach of restrictions and subsidies with governmental

interventions was revived by 1968. Three Annual Plans (1966–1969) were carried out during the 'Plan Holiday' era. Thus, not only did the mid-1960s see the greatest economic crisis, but also the worst political crisis. As a political reaction, significant changes were implemented, including the nationalisation of banks and tighter control over monopolies and foreign exchange. With this context, the Fourth Plan (1969–1974) established the principles of development with stability and social fairness as its goals[3], [4]. The goal was to gradually attain self-reliance with a focus on improving the circumstances of the community's most vulnerable members. The latter's initiatives eventually took on the name "GaribiHatao" (Removal of Poverty). In the Fourth Plan, agriculture received a lot of attention, and the 'Green Revolution' technology began to take hold, improving food production.

DISCUSSION

Beginning in the middle of the 1960s and lasting into the 1970s, the economy was in debt. The Fifth Plan (1974–1979) was implemented at a period of extreme inflation brought on by the 1973 "oil shock." The Fifth Plan's best course of action was the subject of intense discussion. Last but not least, two key goals, namely. Priorities such as eradicating poverty and achieving self-reliance came into focus. The goals were to be met by encouraging a greater rate of growth, improved income distribution, and a large increase in domestic saving rates. However, the Janata Party, which came to power in 1977, cancelled the Plan as a result of political developments. With a focus on small and domestic enterprises, the new Plan was intended to move the focus away from Nehruvian heavy industry and towards decentralised industrial growth. The government accumulated significant foreign currency reserves in the years 1978–1979 as a consequence of a significant influx of remittances from Indian employees who had moved to the Middle East. The committee on Import-Export Policies and Procedures, established in 1977, suggested a move to a policy of export promotion and internal reform as well as a progressive relaxation of the import regime. Thus, the fundamental framework of the liberalisation policy regime had been established by the late 1970s. The introduction of the "rolling plan" strategy during this time period lessened the strictness of the previous "Five Year Plans" strategy. When the Congress Party regained power in 1980, the Sixth Plan underwent a fresh iteration (1980–1985). By fostering an increasing economy, the policy once again changed to a frontal assault on poverty.

Plan for the period from 7 to 11 years

A turning point in the Indian economy's growth performance occurred during the start of the 1980s. The economy escaped the contentious 3.5% "Hindu Rate of Growth" and hitched a ride to a faster development path. In the Sixth Plan (1980–1985), there was a 5.4% annual growth rate. The nation nearly produced enough food grains to be self-sufficient by the conclusion of the Sixth Plan. The Seventh Plan (1985–1990) was created with the expectation of long-term, strong development. The trade and industrial policy underwent a few liberalisation initiatives. The Plan's primary goals were an increase in job possibilities, a quickening of the expansion of food grain production, and an increase in productivity. By stating that "the central element in the development strategy of the Seventh Plan is the generation of productive employment," the Seventh Plan for the first time put employment at the forefront. The Plan set a target of 2.6 to 2.8 percent annual growth of employment with the goal of 'employment for all' by 2002 in order to address an estimated 23 million unemployed in 1992 (openly unemployed plus severely underemployed in need of alternative jobs), as well as an expected addition to the labour force of 35 million during 1992-97 and another 36 million during 1997-2002.

The Eighth Plan's methodology underwent several adjustments as a result of the volatile political climate and shifting central administrations. The Eighth Plan's fourth iteration (1992–1997) was finally authorised during a severe economic crisis, high inflation, a lack of foreign currency reserves, growing budget deficits, an increasing debt load, and an industrial downturn. Initiation of economic reforms in various areas also defined the backdrop of the launch of the Eighth Plan. Since it signalled the start of a new era of reforms and broad liberalisation in the domestic and foreign policy frameworks, 1991 is viewed as a turning point in India's political system. Together, the terms "liberalisation," "privatisation," and "globalisation" set the foundation for the new policy regime of dramatic changes with a development model based on the market. The Plan placed a strong focus on job creation and economic growth. For the first time, it was decided that employment was significant enough to have its own chapter in the Plan text[5], [6].

The finalisation of the Ninth Plan (1997-2002) also experienced delays and changes. Nearly two years after the process began, it was ultimately adopted, with a focus on "growth with justice and equality." It was marketed with a high intended growth rate of 7% yearly. Through rural development and agriculture, the Plan hoped to increase employment. However, the Plan's performance was disappointing due to the agricultural sector's relatively weak development and the total GDP growth rate, which was cut to 5.35 percent annually. Concerns concerning the sustainability of food production were raised at the time the Tenth Plan (2002–2007) was being developed due to the sluggish increase of employment and the poor agricultural growth. Even though the GDP grew at a respectable 5.7% annual pace throughout the 1990s, the rate of decrease in poverty slowed down compared to the 1980s. In light of this, emphasis was placed on reducing poverty and creating more productive work in addition to setting a goal of high growth rate of 8% for the Plan. Agriculture development was considered to be the key component for this objective. High focus was also given to the social sector, particularly to achieving universal basic education and lowering the rates of newborn and maternal mortality.

The remarkable Tenth Plan growth rate of 7.7% annually, the greatest obtained in any plan era so far, marked the start of the Eleventh Plan (2007–2012). The rates of savings and investment grew dramatically, which was a plus. Industry has reacted well to the worldwide rivalry. The nation saw an increase in the amount and pace of capital inflows as a result of the regulations governing foreign capital inflows being liberalised and domestic capital markets being expanded.

Foreign currency reserves and exports both surpassed extremely high levels. For many groups, the increase is not seen as being sufficiently "inclusive." Additionally, the rate of reduction in poverty did not keep pace with the expansion of GDP. 320 million people lived in poverty in absolute terms in 1993–1994; 302 million did so in 2004–2005. The malnutrition rate among children hardly decreased. Given these considerations, the Eleventh Plan not only set a lofty goal of 9% GDP growth, but also stressed the need of concentrating on "inclusive growth."

The main goal of the Eleventh Plan is to start a development process that provides a general increase in peoples' quality of life, particularly for the poor, SC/STs, OBCs, minorities, and women. The Eleventh Plan's overarching aim contains a number of interconnected elements, such as fast growth that eradicates poverty and generates job opportunities; access to vital health and educational services, particularly for the underprivileged; and empowerment via education and skill development.

Goals and Completions for Growth in Five Year Plans

Naturally, the discussion of plan goals and techniques sparks curiosity in the actual economic performance of the Five Year Plans. The objectives and actual growth rates from the five-year plans. Up to the Sixth Plan, or the first thirty years of planning (1951–1980), the economy's growth performance was well behind forecasts, with an average annual GDP growth rate of just approximately 3.5%. During this time, the population grew by more than 2%, while the per capita income increased by roughly 1.5% annually. The years 1951 to 1980 came to be associated with modest development. Whatever the Plan's goals, the actual growth rate was just 3.5%, which was so low that it came to be known as the "Hindu growth rate" era. However, the Indian economy underwent a paradigm shift in the start of the 1980s. The average yearly growth rate grew to 5.6% between the Sixth and Seventh Plans (1980–1989). There was a brief reversal in 1990–1991 when only a modest growth rate of 3.4% was attained. The Eighth Plan era (1992–1996) saw the economy expand at a high pace of 6.5%, albeit, in the years that followed. In comparison, the Ninth Plan (1997-2001) slowed down and had a dismal performance of 5.5 percent. However, the economy quickly bounced back to expand at a 7.7% pace under the Tenth Plan (2002–2006). An average of 8.7% was reported for the last four years of the Tenth Plan, and this trend persisted into 2007–2008, the first year of the Eleventh Plan. Because of the Tenth Plan's experience, the Eleventh Plan's goal growth rate was set at 9%[7], [8].

Economic policies and the move in favour of reforms

With a few small exceptions, the Nehru-Mahalanobis investment policy of prioritising the public sector with a focus on heavy industries dominated the first thirty years of the planning period. The Industrial Policy Resolution of 1956, which placed a significant focus on a licencing and regulating structure as well as an inward-looking trade policy with import substituting industrialization (ISI), mirrored the policy framework of this approach. When the Indian economy entered a crisis in the middle of the 1960s, the state's involvement was further enhanced via the nationalisation of the coal and wheat industries, as well as the trade, the tightening of regulations on monopolies and unfair trade practises, and the control of outflows of foreign currency. By the late 1970s, there were obvious indications that state regulation and supervision had failed, as shown by the widespread "rent seeking" (i.e., corruption) that took place behind the scenes to get licences and licences. Black money, tax evasion, and corruption all coexisted. In the absence of a corresponding rise in productive investment, the vast parallel economy crippled productivity, decreased state income, and contributed to an increasing public debt.

A reassessment of the current policies was necessary due to the shifting political landscape and the strain of economic management. The Government of India created a number of committees to analyse the current policies and recommend ways to make them better. As a consequence, a number of papers were produced that marked the beginning of economic and liberalisation changes. This section briefly mentions a few of these studies that made reform recommendations on several policy fronts. These might be seen as precursors to the significant neo-liberal economic changes that were implemented starting in 1991.

Market Policy

There have been many changes in trade policy, but in the early years, there was a lot of "export pessimism," which meant that without industrialization, India didn't have anything to offer in terms of commerce to act as a development engine. Therefore, "inward orientation" or industrialisation that replaces imports (ISI) was the focus. Thus, the emphasis on a strong inward orientation had been given in the first two five-year plans, particularly the second. By

the time of the Third Plan, exports were acknowledged to be important, and export subsidies were implemented as part of a "outward orientation" to encourage exports. The rupee was depreciated towards the conclusion of the Third Plan with the express purpose of making Indian products substantially less expensive and encouraging exports. But the Fourth and Fifth Plans, which ran from 1966 to 1976, gave little attention to international commerce. There was less of a defined policy push and more of crisis management. The strategy of import substitution for industrialization was softened and imports were somewhat liberalised in the late 1970s.

The need of striking a balance between import substitution and export promotion was stressed in the Committee on Trade Policies' Report (Abid Hussain Committee, 1984). Therefore, the government started an export promotion and import liberalisationprogramme in the middle of the 1980s. Following this, exports rose at a record pace in the second half of the 1980s, however imports did contribute to difficulties with a lack of foreign currency. However, these changes towards trade liberalisation in the 1980s lay the groundwork for the complete abandonment of the ISI policy in 1991 and the drive towards trade liberalisation as a component of broader economic reforms.

Trade and Fiscal Policy

Fiscal policy is crucial to the growth of the economy. The Government develops and maintains public economic policies via fiscal policy, which include the provision of public services through public investment. It is also a tool for achieving redistribution, encouraging private savings and investments, maintaining stability, and reallocating resources in accordance with national interests.In the first 35 years of planning, India seems to have achieved a reasonable level of mobilisation via tax collection. However, when examined from the perspectives of equality and efficiency, it presented a number of issues. Let's start by examining the advantageous side. Taxes as a percentage of GDP rose from 7% in 1950–51 to 17% in 1984–85. Tax mobilisation efforts should be praised for being impressive for a nation with low income and relatively moderate increase of roughly 1.5 percent in per capita income during this time. All taxes fared quite well, with the exception of land revenue and personal income tax. Targets established for the mobilisation of extra resources within Five Year Plans were overachieved.

The 'dark economy' has become prevalent, and there has been significant tax evasion. High effective tax rates were often highlighted as one of the primary causes of tax evasion and the creation of black money. Tax evasion decreased the tax system's inherent flexibility and restricted tax changes in addition to causing revenue losses. The degradation of equity became another issue. In terms of overall tax receipts, direct taxes' proportion had decreased from 37% in 1950–1951 to 15% in 1984–1985. Additionally, within the same time period, the percentage of personal income tax decreased from 21% to 5%. It is well knowledge that indirect taxes on goods cannot replace direct taxes on income, which play a significant redistributive function in the tax system.

A high-powered group was formed in 1977 to study the nature of import-export rules and processes, with Dr. P.C. Alexander, the then-Commerce Secretary, serving as its head. The liberalisation of the import system began in the late 1970s on the basis of the Report of this Committee's recommendations. By the middle of the 1980s, rules and regulations as well as very high rates of personal income taxes and a convoluted system of commodities taxation were being blamed for tax evasion and the accompanying black economy. The submission of several significant reports created under government supervision, such as the Narasimham Committee's Report from 1985, the Abid Hussain Committee's Report on Trade Policies from

1984, the Economic Administration Reforms Commission's Report from 1984–1986 (L.K. Jha), and the Chakra Committee's Report on the Workings of the Monetary System The following types of fiscal policy reforms were proposed by these developments:

1. A concerted attempt to make tax rules and structures simpler,
2. A conscious transition to a framework of fair direct tax rates and improved tax administration, and
3. The promotion of an environment for predictable and stable tax policy.

These adjustments, along with many others to enhance tax administration, were included in the Long Term Fiscal Policy (1985), laying the groundwork for further tax reforms in the road. The trade policy framework needed to be changed, which included removing import licencing and quota systems, lowering tariff rates, gradually reducing export subsidies, and opening up the economy to imports and capital inflows. Together with the liberalisation of domestic policy structures, these changes created a new wave of economic competition, and the economy was prepared to embrace a new period of rapid economic growth and market-driven paradigm of development.

Financial Policy

Since Indian independence, the country's monetary system has aided in the mobilisation of resources for the accomplishment of Five Year Plans. Additionally, it has made an effort to stop the inflationary process that comes with economic growth. A committee headed by SukhamoyChakravarty was established by the Reserve Bank of India in December 1982 to examine the functioning of the Indian monetary system in light of the many exciting developments that had begun to take place in the 1980s.

The Chakravarty Committee Report, which was presented in 1985, recommended that the monetary system's functioning be in line with plan priorities in order to make the mobilisation of savings and the use of these resources socially beneficial. Even though the country's savings rate rose from 10% to 23% between 1950–51 and 1983–84, it was insufficient to fund public sector investment. As a result, the Indian government was compelled to finance its budget deficit, which increased inflationary pressures on the economy. The Committee placed focus on finding non-inflationary ways to finance five-year plans, including

1. Increasing the return on government bonds might be used to access the public's savings in bigger amounts than in the past;
2. Increasing savings from public sector businesses, and
3. Increasing effectiveness of both the functions that collect money and those that pay bills.

A modification in the definition of a fiscal deficit, interest rate policy, and monetary targeting were among the Committee's other significant recommendations. By the late 1980s, the Government of India had adopted the majority of the Committee's recommendations.

CONCLUSION

Significant changes in economic planning and policy were necessary for India to transition from colonial economic enslavement to economic emancipation. The original Five-Year Plans placed a strong emphasis on agricultural and public sector-led development while tackling urgent problems including rehabilitation, food shortages, and inflation. But enduring difficulties and crises in the 1960s and 1970s forced a reevaluation of economic policies.The awareness that state-centric programmes had limits marked the turning point in the early

1980s. It was decided to implement market-driven development and economic liberalisation after committees were established to evaluate and change economic policy. Higher growth rates and greater international competitiveness were made possible by these improvements.These reforms were echoed in later five-year plans, which put an emphasis on inclusive growth, lowering poverty, and creating jobs. Despite certain difficulties, the shift to market-driven policies led to significant economic growth, better income distribution, and greater foreign investment.India's economy is now one of the world's main economies with the quickest growth rates, and it is still developing. The lessons learnt from the shifting goals and methods of India's Five-Year Plans provide a useful case study for economic growth and policy adaptability in a quickly shifting international environment.

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CHAPTER 7
TRANSFORMATION OF INDIA'S FINANCIAL LANDSCAPE: FROM NATIONALIZATION TO LIBERALIZATION AND BEYOND

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ABSTRACT:

The nationalisation of banks in 1969 and subsequent substantial economic reforms beginning in 1991 are covered in this paper's summary of the history of banking and financial sector policy in India. It discusses the Narasimham Committee's 1991 recommendations, which paved the way for important financial sector changes like the lowering of the Cash Reserve Ratio (CRR) and Statutory Liquidity Requirements (SLRs), lowering interest rates, and restructuring public sector banks through mergers and acquisitions. The article also looks at the "New Economic Policy," a larger set of economic reforms that were implemented in the 1980s, as well as the structural changes made in 1991 to deal with problems including the balance of payments crisis, inflation, and public debt. It analyses how these changes have affected a number of facets of the Indian economy, including public-private partnerships, foreign investment, and industrial policy. The article also discusses how the capital market has changed and the difficulties it confronts, including the lack of variety in financial products and problems with insider trading and market manipulation. Finally, it emphasises the value of federalism in India's financial system as well as the need of both the national and state governments having sufficient and independent financial resources.

KEYWORDS:

Banking, Financial Resources, Financial Sector, Policies.

INTRODUCTION

India must deal with these issues in order to stay on a path of sustainable and equitable development while preserving a balance between market-oriented reforms and social inclusion. The country's dedication to adapting to and thriving in a dynamic global economy is reflected in the development of its banking and financial sector legislation.

Policies in the Banking and Financial Sector

The nationalisation of banks in 1969 was one of the significant turning points in Indian financial history. Since then, the country's banking and financial industry has dramatically expanded both geographically and functionally. But as time went on, a number of distortions in the banking and financial system's resource mobilisation and loan granting processes emerged. A number of public sector banks and financial institutions were weakened, and some of them had been losing money continuously. The Government of India established a high-level Committee on the Financial System, headed by M., to take action to address this problem. Krishna in 1991.

The Narasimham Committee (1991) provided recommendations that eventually led to significant financial sector changes. The proposals sought to (i) ensure some operational flexibility, (ii) provide public sector banks some internal autonomy, and (iii) boost

professionalism in banking operations. The following are some of the committee's key recommendations:

1. Lowering of the Cash Reserve Ratio (CRR) and Statutory Liquidity Requirements (slrs). The Committee believes that excessive slrs and crrs constitute an inefficient lockup of the banks' productive resources.
2. Specific credit initiatives were being phased out, which meant that the "priority sector" was no longer differentiated. The Committee determined that small-scale agriculture and industry had reached a mature stage and did not need any more assistance.
3. Market forces should largely decide the structure and amount of interest rates.
4. By mergers and acquisitions, significantly reduce the number of public sector banks to increase banking operations' efficiency[1], [2].

Many of the proposals, such as abolishing "priority sector" designation and mergers, have not been implemented because of how politically delicate they are. The SLR, however, is now just 25% instead of 38.5 percent. Similar to this, CRR was lowered from 15% to 5.5%. With regard to Regional Rural Banks (RRBs), the merger ideas were only partly carried out. With loan rates that were reasonable compared to market rates, the RRBs were permitted to expand their services to non-weaker sectors. In 1998, a second Committee with the same Chairman was created to examine the need for more changes.

Financial Reforms

As can be seen from the explanation above, a number of changes in economic policies caused the 1980s decade to experience both higher growth than the preceding three decades and a significant period of rethinking and reformulation of the planned regime of economic development. In this part, we briefly cover the adjustments that were made in the 1980s and became known as the "New Economic Policy," as well as the significant modifications that were made in 1991 during the so-called "Period of Structural Adjustment and Economic Reforms."

A New Economic Strategy

The policy changes that started in 1980 and picked up steam in the middle of the 1980s signalled a departure from the Nehruvian framework of a dominating public sector and increased control of the private sector. These policy adjustments, especially those made under Rajiv Gandhi's administration, were known as the "New Economic Policy," which gave the private sector a bigger role. A number of reforms were made under the new policy in the areas of industrial licencing, export-import policy, foreign capital equity, the elimination of prohibitions and limitations, and the rationalisation and simplification of the system of fiscal and administrative regulation. The government began to dismantle the structure of regulations under the New Economic Policy, opening up more room for the unrestricted growth of the private business sector, especially multinational corporations.

Adjustment to the Structure and Economic Reforms

The nation was experiencing a severe economic crisis in June 1991, when the Congress government took office at the centre. The balance of payments crisis, rapid inflation, and massive public debt were the three main issues. Imports increased unnecessarily as a consequence of the 1980s' liberalised trade policies. The balance of payments position deteriorated by 1990–1991 and foreign currency reserves were almost insufficient to cover import payments for a few weeks. The inflation rate climbed to an unheard-of high of almost

17 percent. The national debt, which includes borrowing from abroad, increased to a level of 60.6% of GDP, while the cost of paying interest alone was 21.4% of GDP[3], [4].

The Government of India requested help from the International Monetary Fund (IMF) as a result of this economic crisis. A bundle of conditions that required "structural adjustment" actions were attached to the aid. Simply said, structural adjustment refers to changing how institutions play a part in managing the economy. The state and the market are the two primary economic institutions. Therefore, structural adjustment entails a change from a system where the state and public sector play the main role to one where the market and the private sector do. By eliminating protective measures on trade and limitations on local and foreign investment in economic activity, the main goal of the economic reforms was to lessen the state's investment and regulatory role and expand the space for the free play of market forces.

DISCUSSION

The devaluation of the rupee by 22%, liberalisation of trade policy, and actions to minimise the budget deficit by reducing public spending were among the first moves taken to address the economic crisis. Then came a slew of LPG (liberalisation, privatisation, and globalisation) initiatives. The government argued that these actions were required to achieve the following goals: improved public sector performance; increased efficiency and competitiveness of industrial production; much greater use of foreign investment and technology than in the past; and modernization of the financial sector.

Most economic strategies and policies were followed by the second wave of economic changes. By controlling general public spending, fiscal policy sought to lower the fiscal deficit. The aim in the policies that were implemented was to streamline the public sector through techniques like disinvestment and privatisation, as well as, where required, to stop providing financial assistance to it. monetary strategy aiming at improving the balance of payments situation and reducing inflationary pressures. In terms of price policy, the actions included encouraging a more flexible pricing system and gradually reducing subsidies. Competition was emphasised more than regulation and financial assistance via subsidies in order to regulate prices. Economic reforms resulted in quick and significant changes to trade, industry, foreign investment, and public sector policies. Along with a decrease in tariffs, there was a steady transition away from quantitative limits and towards a tariff-based system in terms of trade policy. All quantitative limits were lifted by April 2001.

1991 Industrial Policy

The following changes were part of the Industrial Policy that was unveiled on July 24, 1991:

1. With the exception of a selection of 15 sectors relating to security, strategy, or environmental problems, industrial licencing was discontinued for all projects.
2. The Monopolies and Restrictive Trade Practises (MRTP) Act's regulations were loosened to such an extent that obtaining government authorisation for growth or the launch of new businesses was almost unnecessary.
3. The formerly designated public sector regions have been severely decreased, and some previously designated public sector areas have even been made available for private investment.

Liberalization of Foreign Investment

Liberalization of foreign investment in business and services reached the following levels:

1. 40% ownership, with a flexible maximum of 51% in several different businesses. This was later increased for several businesses to 100%.
2. Up to 5% of domestic sales and 8% of export sales were permitted for automatic royalty payments to foreign technologies[5], [6].

Institution-wide changes

As we have seen, planning with an emphasis on local protection and import substitution marked the beginning of India's development path. A variety of organisations had to be established in order to "control" imports, "regulate" money flows, and encourage domestic investment as a result of this policy. 'Chief Controller of Imports and Exports' (CCI&E), 'Director General of Technical Development' (DGTD), 'Controller of Capital Issues in the Ministry of Finance,' etc. were all institutions. However, many of these institutions from the previous policy regime were no longer necessary because of the introduction of dramatic policy changes starting in 1991.

With a new emphasis on export promotion and import management (rather than import restrictions), the office of CCI&E was reorganised and given the name Directorate General of Foreign Trade (DGFT). Abolished was the DGTD. In 2002, a new Competition Act was passed, replacing the Monopolies and Restrictive Trade Practises (MRTP) law. The Competition Commission of India was also established. To oversee and control the activities of the capital markets, a new organisation named Securities and Exchange Board of India (SEBI) has been established. The World Trade Organisation (WTO) has been in place of the previous GATT at the global level since 1995, and this has resulted in numerous drastic changes to the institutions and policies at the national level as well.

With the 73rd and 74th amendments to the constitution, which made the Panchayat Raj system a key form of government in the nation, there has been a significant trend towards decentralisation of governance. The system continues to face difficulties from "corruption," "inefficiency," interregional and interpersonal inequities, empowerment, "failures" of the state, and "failures" of the market, demanding a continuous examination of the administrative and governance institutions in the nation. The Government of India has established a "Administrative Reforms Commission" to evaluate the whole institutional architecture of governance in the nation as a reaction to these concerns.

Government Reforms

The following were the main modifications made by the public sector reforms:

1. The number of industries designated for the public sector was decreased from 17 to 8. Participation from the private sector was very seldom permitted, even in the designated zones. Joint collaborations with international businesses were promoted.
2. Chronically ill public sector companies would be submitted to the Board for Industrial and Financial Restructuring (BIFR) and, if required, closed down or privatised.
3. The focus on profitability and rate of return would increase while budgetary assistance for state businesses would gradually decrease.
4. Loss-making businesses would be given consideration for privatisation, and selective disinvestment would be implemented to improve the financial standing of public businesses. The Disinvestment Commission was created to make decisions about the types of share dilution and its methods.

After the aforementioned policies were put in place, there was a significant change in the total level of investment in the direction of the private sector. The balance has substantially moved in favour of the private sector after 1991, even in Plan outlays.

PPP: Public-Private Partnership

Public-private partnerships (PPPs) were given a lot of attention during economic reforms when it came to funding and creating social and physical infrastructure. In PPP projects, public assets are often transferred or leased, user fee collection power is delegated, public utilities are operated and controlled, etc. PPP demonstrates once again the expanding involvement of the private sector in operations carried out by the public sector[7], [8].

Changes in Policy's Effect

Economic reforms are often credited with putting the Indian economy on a path of faster development. India has become one of the top 10 economies in the world with the quickest growth over the last ten years. The advantage of development is not yet reaching many people who still feel excluded from the process, which is one of the fundamental flaws acknowledged.

Integrated Growth

The Eleventh Plan employs a "inclusive growth" approach in recognition of the exclusionary tendencies of market-driven quick growth performance. The goal of "inclusive growth" is to guarantee that everyone's quality of life improves, particularly the poor, SC/STs, OBCs, minorities, and women. The Eleventh Plan mentions that "the target is not just faster growth but inclusive growth, that is, growth process which yields broad-based benefits and ensures equality of opportunity for all" while acknowledging the possibility of achieving higher growth rates of 9% in GDP and even 7.6% in GDP per capita. Unrestrained economic reforms, which create institutional structures like commercialized educational and healthcare facilities, which inadvertently produce exclusionary processes while producing high growth, raise severe concerns about their ability to support pro-poor inclusive development. In the absence of adequate institutional correctives and regulatory frameworks, worries of widespread exclusion may come true.

India's Capital Market

The capital market is poised to play a crucial role in the growth process in the liberalised economic environment. To fulfil the financial requirements of both the public and private sector entities, the capital market must organise money. The capital market must also make arrangements for the various resource requirements of local and international entities. The fact that the environment has changed and is typified by fierce rivalry is increasingly important. The ability of businesses to raise money at a reasonable price will decide how competitive they are compared to their competitors. The structures and procedures necessary to enable the efficient operation of the many participants (such as banks, stock exchanges, regulators, etc.) tasked with the duty of allocating financial resources for producing units in the economy make up the capital market. In recent years, India's capital market has seen metamorphic transformations.

Modifications to the Capital Market

There are three distinct sets of developments in the Indian capital market that distinguish the market of the twenty-first century from older ones.

Creation of New Institutions

The capital market's demographics have completely changed. Up until recently, Bombay Stock Exchange dominated the Indian capital market. The Bombay Stock Exchange's (BSE) daily turnover alone was more than the combined daily turnover of all other exchanges. The BSE was a barrier to the expansion and diversity of the capital market structure because of its dominant market dominance. The National Stock Exchange (NSE) was established in response to this circumstance. Since then, the NSE has grown to become the biggest exchange in the nation. The NSE also acted as a change agent for other exchanges by bringing in online trading platforms. Mutual funds have also come into existence alongside the NSE. In the nation, many mutual fund kinds have been established to meet the demands of various investor types. Foreign institutional investors (FIIs) have become major participants in the capital market as it continues to expand. Their buy and sell choices have a big effect on the state of the market. A number of new auxiliary institutions have also developed in addition to these new participants. Particular mention should be made of the following among them: Discount and Finance House of India; Securities Trading Corporation of India; Stock Holding Corporation of India; and Settlement and Depository Systems.

The Development of New Instruments

New capital market tools have appeared alongside new institutions. Both local and international instruments are included in these. Nevertheless, it is said that there is a huge window of opportunity for the introduction of new financial instruments related to stocks, debentures, bonds, add-on products, and derivatives. This necessitates the required modifications of a few economic laws. An essential aspect that influences the creation of these new financial instruments is the willingness of Indian business firms to take risks by adjusting their decision-making processes to match investor psychology and market preferences.

Administrative Framework Modifications

The administrative structure has also been updated in response to the changes in the external environment. The financial markets are now free to develop their own depth and strength since the previous shackles have been broken. But it's crucial to remember that anytime links are lifted in a free market economy, strong watchdogs or regulatory organisations must be put in place. Such organisations are necessary not only to guarantee the efficient operation of the capital market agents but also to guarantee other development objectives like equity, competition, and fair play. The Securities and Exchange Board of India (SEBI) is in charge of these duties in India. To be obeyed by various actors in the various market areas, the SEBI has set down rules in turn.

Indian Capital Market and Globalisation

Foreign portfolio investment has become more prevalent in Indian markets as a result of the economy's slow but steady opening up. Thus, a worldwide reputation is being built for the Indian capital market. The Indian stock market has positively reacted to all of these events. However, the capital market's globalisation will also imply the following:

1. The market will be more responsive to events occurring elsewhere.
2. As domestic institutions are compelled to compete with the FIIs who control the floating stock, there will be a change in power.
3. Structural problems will surface with a clear choice: change or despair.

4. Mutual funds will become more important to individual investors since they will be overseen by qualified managers who will be protected from the danger of the turbulent stock market activities.

Problems with the Capital Market

It is vital to identify the shortcomings in the Indian capital market and find appropriate ways to address these shortcomings in light of the evolving global environment. The following are significant flaws in the Indian stock market:

i) The lack of diversity in financial instruments;
ii) A lack of oversight over the disclosure of financial information;
iii) The underdevelopment of the secondary market;
iv) The prevalence of insider trading and front running, which leads to the manipulation of security prices;
v) The existence of unofficial trade in the primary market, prior to the issue entering the market;
vi) The lack of proper control over brokers and sub-brokers; and
vii) The market's "wholesale. All of these concerns come within the purview of the SEBI. The SEBI is working to identify practical answers to this.

Federalism inThe Linkages of Resources

In addition to serving as a facilitator, the state also has a more direct interest in the financial system since it requires money to cover its own debt obligations. In a federal system, distinct levels of government are established to carry out various duties. Therefore, each of these governments has a personal interest in a financial system that operates well.

Indian federal finances

India has a federal financial system and a federal type of governance. The Central and State Governments should be independent of one another in their separate, constitutionally defined realms of operation. This is fundamental to the federal system of government.

The duties of the various administrations should be spelt out clearly and individually in the constitution. Once the roles of the various governments are defined, it is equally crucial to provide each one the resources necessary to raise the necessary funds to carry out the tasks assigned to it. So, in order for the federal system of government to function effectively, two key factors, i.e.In order to achieve its demands, any government should be able to rely on independent sources of funding and ultimate control over its resources.The foundation of the federal financial system is, in essence, its independence and sufficiency in terms of finances.

CONCLUSION

In conclusion, India has seen substantial changes throughout the years in terms of banking and financial sector regulations. The nation has consistently changed its financial environment to match the changing demands of its economy, beginning with the nationalisation of banks in 1969 and continuing through the economic reforms of 1991 and beyond. The industry was significantly shaped by the Narasimham Committee's 1991 recommendations, which promoted flexibility, independence, and professionalism in banking operations. A larger role for the private sector was introduced by the "New Economic Policy" of the 1980s, and the structural changes of 1991 were designed to solve urgent economic difficulties.India now ranks among the countries with the fastest growth rates in the world thanks to these changes. They have, however, also expressed worries about inclusion and fair

growth. Economic changes have increased prosperity, but not necessarily all facets of society have benefited from them, and problems like insider trading and market manipulation continue.

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CHAPTER 8
FINANCIAL RESOURCES MOBILIZATION AND INVESTMENT PATTERNS IN INDIA: A COMPREHENSIVE ANALYSIS

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ABSTRACT:

The dynamics of savings, investments, and the financial sector's contribution to India's economic growth are examined in this paper. It explores historical savings and investment patterns, the sectoral distribution of savings, and the effects of banking changes. The document also specifies potential key areas for maintaining India's economic development and addresses the goals and results of banking reforms. The research emphasises how important it is for savings, investments, and a healthy financial system to work together to promote economic growth.Sectorially, the household sector, with investments spread over physical and financial assets as well as unrecorded assets like gold and silver, is crucial to domestic savings. Even if the proportion of financial assets has grown over time, it is still crucial to manage the shift from tangible to intangible assets well.Since independence, the banking industry, which consists of public, private, and international institutions, has seen considerable changes. Reforms started in the 1990s have expanded competition, improved financial health, and increased transparency. Future obstacles, however, include risk management, technical developments, cost management, recovery management, and strengthening corporate governance.

KEYWORDS:

Banking Sector, Economic Growth, Financial Resources, Financial Stability, India, Savings, Investment Patterns, Reforms.

INTRODUCTION

The quantity of monetary and financial resources that can be mobilised for use in the development process determines, in great part, the rate and pattern of economic growth. These immediately affect the pace of capital creation, which in turn determines the direction of economic growth based on the productivity of capital. The capital market and financial institutions play a crucial role in this process. The process is also affected by the institutional structures in place for the distribution of funds among the various levels of government under a federal organization. The topics covered in this lesson are critical to the movement of money and other resources required for the development of the economy.

Conservation And Investment

The entire amount of savings in an economy is often stated as a share of its GDP. Technically speaking, it has a particular meaning or ways of expressing that you will read about in a moment. A savings rate of 30% is often required to classify an economy as having a strong saving rate. From this metric, India is an economy with substantial savings. In fact, there has never been a nation in history that has been able to expand at a fair pace while maintaining a saving rate under 20%. The average savings rate for India during the 10th Plan over the course of five years surpassed 30%, averaging 31.4 percent yearly. This is impressive when

one takes into account India's per capita income, which is just approximately $1,042 (placing it at position 138 out of about 198 nations in 2007).

Saving Tendencesin India

India has always had a higher average saving rate than several Latin American nations. However, they have a greater track record of economic development than India. On the other hand, the economies of East and Southeast Asia have succeeded in generating strong growth rates in addition to high saving rates. However, a greater domestic saving rate makes bigger investments in an economy feasible and is thus a necessary (though not sufficient) condition for economic progress. It's also vital to remember that in an open economy, foreign funds augment local savings. Due to the potential risk that foreign funds may pose to the home economy, it is imperative to boost domestic savings rates and limit the use of foreign savings wherever possible. As previously said, history shows that for any economy to attain a good growth rate, a saving rate of up to 20% is necessary. This piques our interest in saving patterns in India and prompts us to examine the extent to which domestic saving has met the country's financial demands for economic growth[1], [2].

Savings Rate

Savings rate is calculated as a percentage of GDP at current market values. 10.2% of the GDP was saved in India in 1950–1951. Its trend changed somewhat over the next 20 years, reaching a rate of 16.3 percent in 1972–1973. Savings rates significantly increased throughout the 1970s, reaching a peak of 26.0% in 1979–1980. As a result, the late 1970s were known as the "golden era" of Indian savings. The planning commission noted that, despite having a low per capita income, the country has managed to attain a high saving rate after comparing these rates to those for other groups of nations. In reality, our savings rate is on par with that of several industrialised nations with high incomes as well as moderate income levels. These savings rates, however, were not maintained as they significantly decreased in the 1980s, reaching 18.2 percent in 1984–85. In the following years, it somewhat improved to reach 22.0 percent in 1992–1993 and returned to its late 1980s high of 26.9 percent in 1995–1996 before falling once again to below 25% in the late 1990s. A dramatic fall in public saving is blamed for the collapse in the late 1990s.

The average for the Tenth Plan (for the years 2002–2007) was 31.4 percent, marking the start of a steady rise in the saving rate in the 2000s. The increase in saving is attributed to a number of variables, including (i) rising per capita income; (ii) ongoing financial system development; and (iii) the declining share of agriculture in GDP (as this would mean an increase in the share of the manufacturing and services sector, which are generally known to offer greater scope for income and saving).

Sectoral Makeup of Savings

Three sectors—the government or public sector, private corporations, and households—contribute to domestic saving. Government administration, departmental operations, government businesses, and statutory organisations are all included in the public sector. Non-governmental, non-financial corporate firms make up the private corporate sector. The domestic sector is what is left. Due to its residual nature, the household sector therefore encompasses a wide range of economic players who are involved in production and consumption. Like in most other nations, the household sector in India makes up the lion's share of the three sectors, accounting for more than two-thirds of total savings. The remaining third of the nation's total savings, or the government and business sectors, are provided.When

the temporal trend is examined more closely, it becomes clear that the sectoral shares exhibit varied degrees of growth and change over time.

Savings by households: The main source of domestic saving comes from the home sector. It is significant because it shows how effectively savings are turned into investments, taking into account the financial sector's position as an intermediary. The three components of household savings are as follows.

Physical Resources: The tangible assets include things like buildings, equipment, furniture, fixtures, and real estate.

Financial Assets: These include money, bank deposits, stocks and bonds, claims against the government, mutual funds, national savings bonds, funds for life insurance, provident and pension plans, and more[3], [4].

DISCUSSION

The Unaccounted Savings in the Household Sector: The Unaccounted Savings in the Household Sector are always held in the form of gold, silver, and durable items, about which there is very little information. The percentage of these assets is, nevertheless, estimated to be between 3 and 10% of the GNP in any given year (based on estimations pertaining to the ratio of black money to GNP).

Financial and physical assets' respective shares in the economy

Prior to the Reform

Estimates of the ratio of financial assets to physical assets during the 1950s, 1960s, and 1970s period show that, on average, financial assets accounted for around 45% of total assets throughout this time. Habit, ignorance, and a lack of alternatives, such as a well-developed banking and financial industry, are blamed for this comparatively low ratio of financial assets. The percentage of financial assets increased to around 50% at the end of the 1970s, and it has remained there ever since, with a few ups and downs, as a percentage of all household sector savings in the economy. The increase in household income brought on by economic growth and the accompanying distribution and consumption factors, as well as the expanded infrastructure of banking and other facilities, are responsible for the improvement in the share of financial assets over this time period.

Years Following Reform

The shift in the household sector's financial asset portfolio from 1991 to 2007 after the reform.

1. Bank deposits, life insurance, and foreign currency are the three relatively reliable ways that households may save money.
2. The amount of household savings that are directed to stock markets as a percentage of overall savings remains relatively modest, notwithstanding the capital market's increased ability to mobilise money.
3. In reaction to shifts in yields, market fads, etc., households continually transferred their money across various instruments.

Government Savings: Surpluses from public companies and other public financial institutions are used to fund government savings. In 1950–51, 17.2% of the economy's total savings came from the government; this percentage rose to 20.6 percent in 1960–61. Government savings have been steadily declining ever then, reaching a low of -2% in 2001-

02. The following are the most significant ones recognised as contributing to this trend: The total tax-to-GDP ratio's decline, and ii) the public sector utilities' steadily rising losses, including those of the state Electricity and Water Boards, the State Road Transport Corporation, and the Railways.

Government savings have improved since 2003–04, accounting for 2% of the GDP in 2005–06 and 2006–07. In 2007–2008, this increased even higher to 3.0%. The economic recovery and the initiatives to enhance budgetary management at the federal level and in the states are credited with this improvement. With the federal government eager to adhere to the Fiscal Responsibility and Budget Management Act's goals and the majority of state governments passing comparable laws, one might anticipate additional growth in administrative cost reductions. In 2011–12, they are anticipated to increase to 4% of the GDP. Even at this level, it would only represent 10.26% of the total savings, which is less than where we were in the 1950s and 1960s[5], [6].

Savings by Private Corporations, III: In 1960–1961, the private business sector contributed 13.4% of the total deposits. But in 1990–1991 this decreased to 7.9 percent. However, since then, it has been rising, averaging 17.4% during the ninth plan period and 19.1% during the tenth plan period. Even with this better performance, it has still fallen short when measured against that of other nations. Despite growth in the secondary and tertiary sectors of the economy and a large rise in manufactured output, the corporate sector has not made a major contribution to national savings in India as it has in industrialised nations. These reasons are responsible for this:The significant role of the unincorporated private sector in Indian manufacturing and commerce, which is reflected in household savings and not in "private corporate savings"; the massive increase in the use of loan capital in Indian industry and the fall in the share of profits in factor incomes; and the taxation policy which discourages the accumulation of undistributed profits in companies and corporations coupled with a low profitability syndrome.

Investing Trends in India

Since the start of economic planning in 1950–1951, the gross domestic capital formation (GDCF) in the economy has demonstrated a tendency in the upward direction. There have, however, been pauses in between. Investment as a percentage of GDP increased throughout the pre-reform era, rising from 10.0 percent in 1950–51 to 24.8 percent in 1978–79. The rate of investment only reached 26.3 percent in 1990–1991 as a result of a less pronounced growth in the years that followed. In the years after the reforms, namely in the 1990s, the pace of investment decreased. When it surpassed 30% in 2004–05, there was a significant rise. It can be observed that the investment rate has changed in step with the rise in the domestic saving rate by contrasting the trends in gross domestic capital formation in India with those in gross domestic savings trends. Such a pattern of domestic savings and investment bodes well for long-term economic development.

Investment Distribution Pattern

The following three methods may be used to study the distribution pattern of investments:

1. Distribution of Capital Formation by Type of Asset: In an economy, capital formation may occur in one of three ways: (a) via building, (b) through the purchase of machinery and equipment, and (c) through adjustments to stocks (i.e. inventories). At the moment, the GDCF is made up of around 40% of construction, 50% of equipment, and 10% of stocks.

2. Distribution of Capital Formation by Industry of Use: With varied degrees of concentration, investment has been made in all three sectors of the economy (i.e., primary, secondary, and tertiary). Currently, the secondary sector accounts for around 35 percent of capital creation, followed by the tertiary sector, which accounts for more than 42 percent. Thus, the agricultural sector has fallen short of the other two sectors in luring investment.

Manufacturing, mining, building, and power are the subsectors that have received the most investment, according to patterns in investment from 1950–1951 to 2006–2007. On the other side of this investment profile, industries including real estate, agriculture, transport, and public administration have seen a decline in investment. The changes throughout the time are negligible in the other sectors, which include commerce, hotels & restaurants, law & order, and judiciary see key terms for an industry sector categorization.

3. **Distribution of Capital Formulation by Management:** We may also examine how capital is formed throughout the public and private sectors of management. In the public sector, gross capital creation grew from Rs. 294 crore in 1950–1951 to Rs. 3,21,753 crore in 2006–07, sustaining an increasing trend during the preceding five decades. The private sector has also seen an increase in gross capital creation. It increased from Rs. 743 crore to Rs. 11,20,851 crore from 1950–51 to 2006–07. With the exception of 1950–1951, there was a little difference in the relative proportions of GCF held by the public and private sectors for the years 1961–1981. Since 1990–1991, this discrepancy has been accentuated, and by 2000–2001, it has spread dramatically to the level of 1950–1951. By the years 2006–2007, this discrepancy had grown even further. Evidently, in the years after the reforms, public sector investment was a low-key affair. The patterns also point to the notion that the economic liberalisation strategy was successful in spurring more private sector investment[7], [8].

Necessary Capital Flow

The difference between "net domestic capital formation" and "net domestic saving" is the net capital inflow. It may be stated as the difference between the domestic saving and investment rates or as a percentage of national revenue. The rate of net capital inflow will be positive if the domestic investment rate is higher than the domestic saving rate. If the investment rate is lower than the saving rate, the net capital inflow will be negative.

Developmental Resources, India's saving rate and investment rate have both significantly increased between 1950–1951. Generally speaking, the investment rate has outpaced saving rate, resulting in a modest positive net capital inflow. The net influx of foreign capital to India has been quite little, at around 1 to 2 percent of NDP. Later in unit 18, you will learn more about international investment.

Future increased reliance on foreign resources may be unavoidable when the investment rate is pushed up to attain the greater rates of growth that are hypothesised. This suggests that there must be an increase in the flow of foreign investment. Any effort to stop this tendency will hinder economic progress and cause it to stagnate. Recent years have seen an improvement in this picture as FDI has grown to represent a significant portion of foreign capital inflow. Such cash is difficult to reverse and carries the risk of investing choices. Prior to now, debt inflows were predominantly used to cover the balance of payments imbalance. A higher balance of payment deficit may now be tolerated by the economy, according to the rising investment inflows.

India's Financial System

The financial sector affects the rate of economic growth by acting as a middleman between investors and savers. The mobilisation of financial resources and their distribution to prospective investments are both made easier by financial intermediation. Thus, financial institutions play a key role in mobilising and distributing the economy's surplus to its final consumers. The commercial banks are the most significant among the financial institutions, both in terms of their size and scope. The nation's commercial banking network spans the whole surface area. Public sector banks (including the State Bank of India and its seven partner banks, as well as 20 other banks that are mostly controlled by the government), private sector banks, and foreign banks make up its three main parts. Additionally, cooperative banks and local rural banks carry out commercial banking operations. In the newly developing new economic climate, private sector banks and foreign banks are becoming more significant relative to one another.

The capital market is responsible for the majority of financial intermediation in a liberalised economic environment. The depth and reach of the Indian capital market have also increased. The introduction of new institutions and financial instruments, including money market and capital market instruments, has made this easier. The paradox of an open economy is that the more liberalised a system gets, the more monitoring organisations are required. The Security Exchange Board of India (SEBI) has established itself as a significant regulatory organisation in charge of monitoring how the capital market operates and steering it in the right directions as it expands. Section 5.8 of the unit contains further information on financial markets.

The state also takes part in the financial system by lending money out as well as borrowing it. To support its development and welfare goals, it must determine the policy parameters and contribute to creating a favourable banking environment. To ensure the smooth flow of resources to governments (at various tiers, such as union, state, and local government levels) and the non-governmental agents in the economy, namely private sector economic agents, adequate institutional arrangements must be put in place. It is especially important to ensure that the credit needs of the entrepreneurial class, including petty retail traders, are met. A strong banking industry is essential for this. Therefore, it is necessary to examine how India's banking industry is developing.

Inida's Banking Sector

British Agency Houses established in Kolkata and Mumbai are credited with starting the modern banking industry. In 1770, the Bank of Hindustan, the first bank, was founded. India's financial sector was reasonably advanced and well-connected by the time the nation gained independence in 1947.

Banking Development Since Independence

India's banking industry has seen four major eras of development since independence.

1. The Foundation Phase which spanned the 1950s and 1960s. During this period, the legal framework required to support the banking system's operation and suit the needs of the Indian economy was developed.
2. **Expansion Phase:** This started in the middle of the 1960s and accelerated after nationalisation in the late 1960s.
3. The consolidation phase started somewhere around 1985. Improvements were made to the banks' cleanliness, customer service, credit management, employee productivity, and profitability during this era.

4. **Reform Phase:** Starting in 1991, this phase witnessed significant efforts such as the adoption of new accounting principles and the creation of standards for the recognition of revenue and capital adequacy. In this stage, there was also a growing tendency towards the competitive consolidation process. Currently, there are 181 banks and 71,781 branch offices that make up the commercial banking system.

The elements that make up the commercial banking system

Public sector banks, private sector banks, and foreign banks make up India's commercial banking system, as was mentioned in the preceding section.governmental banks There were two stages to the nationalisation of the banks. Significant commercial banks were nationalised in 1969 as part of the first phase. Six further banks were nationalised in the second phase in 1980. With the nationalisation of banks, banks in India gained two faces: a commercial side, which is to generate income for building the financial strength required to satisfy regulatory standards and also provide for future growth; and a non-commercial side, which is to finance the establishment of economic enterprises in underdeveloped areas in order to support the process of balanced regional development and social uplift. A little bit more than 70% of all Indian banks' deposits and loans come from public sector banks.

The private sector's banks: After the two-phase nationalisation, the operating area of private sector banks had significantly reduced. The New Economic Policy's 1991 announcement helped the private sector banking industry. On January 22, 1993, the RBI published a set of recommendations for private sector businesses looking to join the banking industry. Following this, eight brand-new private banks were first founded. Private sector banks have steadily increased their market share, which now stands at 20% of all banking sector deposits and loans. There are now 28 banks and 7,099 branches. According to a recent research, private banks are outperforming nationalised banks in terms of loans advanced, growth, average return on earning assets, creative provisions, and low operational expenditures to take the lead in the market.

Foreign Banks: Foreign banks in the private sector are outposts of international financial institutions. Currently, there are 29 such banks, totaling 272 branches. The majority of foreign banks provide substantially the same services as commercial banks, with the exception that their client and product emphasis is different since they primarily serve the top echelons of society. Additionally, these banks were among the first to market with contemporary financial engineering products like swaps, automated cash transfers, etc.

Indian Banking Reforms

The Government had established two committees, one to look into the organisation, structure, functions, and practises of the banking system, and the other to look into the topic of banking reforms, both of which were headed by M. Narasimham. In response to the recommendations given by these two committees, the government started a number of banking sector reforms.

Reforms' objectives

Reforms in the banking industry should aim to achieve the following:

1. To enhance and adjust the macroeconomic policy framework that the banks are operating within. This entails monetary control reforms such as rationalising interest rates, redesigning direct credit programmes, and reducing levels of resource pre-emption; to improve the financial health and condition of banks by recapitalizing and restructuring the incentive system under which banks operate; to establish the related institutional infrastructure to assist in and of monitoring, audit, technology up-

gradation, and legal support; and to improve the financial health and condition of banks by establishing the related institutional infrastructure. The following categories may be used to classify the significant reforms thus far:

2. The creation of alternative systems of monetary controls, the growth of securities and capital markets, the decrease in SLR and CRR, the modification of refinancing facilities, and other concerns all relate to general monetary policy challenges.
3. There are steps taken to strengthen banks through the adoption of prudential standards for capital adequacy, the adoption of prudential standards for income recognition, asset classification, and provisioning for impaired assets, and increased transparency in bank financial statements. These include mechanisms for consumer complaints redressal, computerization of banking transactions, reorganisation of individual institutions to improve competitive capacities and to ease the provision of better services to managements in managing the affairs of individual banks, etc.
4. Steps are being taken to increase competition in the financial sector by permitting entry of private banks both Indian and foreign with cutting-edge technology, granting existing private banks more freedom to expand their operations, and broadening the range of activities of banking and non-banking institutions.
5. There are problems with tightening up regulation and oversight of banks, especially in light of the enormous number of non-banking financial firms.
6. Additional measures have been made to guarantee the balanced growth of different financial market sectors as well as to maintain the honesty and openness of the banking system.

Future focus areas

The following topics will get attention in the future:

1. Cost management, which is essential for the sustainability of banks' profitability and their long-term survival.
2. Recovery management, which is essential for the financial sector's stability.
3. Banking's level of technological sophistication, where India has to considerably catch up.
4. Risk management procedures, which are essential to succeed in a cutthroat environment. Banks must create "early warning indicators" that are tailored to their needs, business profiles, and risk tolerance.
5. Better corporate governance, which would provide the banks' boards the chance to enjoy more flexibility and assist in the transition from microregulation to macromanagement.

CONCLUSION

In conclusion, the research sheds important light on a number of important aspects of India's economic environment. The historical patterns of saving and investing in the nation have fluctuated throughout the years, with an apparent increase in savings rates during the 2000s. This increase has been ascribed to variables such increasing per capita income, the growth of the financial system, and changes in the composition of the economy.Overall, the research emphasises how crucial domestic savings and wise investment are to long-term economic growth. India's financial system, driven by a strong banking industry, is essential in directing money towards profitable projects. As India works to further its economic growth, future policies must put an emphasis on tackling new issues and preserving the financial system's health.The results of these reforms have been outstanding, with banks revamping their operations and raising their performance standards in response to deregulation initiatives. The

establishment of several prudential requirements, achieving capital sufficiency, and the introduction of a new balance sheet style have all contributed to highlighting the underlying strengths and shortcomings of each bank. Thus, the reforms have strengthened the pressure to improve how banks operate. As a consequence, several banks that were losing money year after year were able to turn things around.

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CHAPTER 9
SUSTAINABLE DEVELOPMENT AND RESOURCE MANAGEMENT IN THE INDIAN ECONOMY

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ABSTRACT:

This paper examines how important infrastructure and natural resources are to maintaining India's economic progress. It explores the dynamism of natural resources while highlighting the need of sustainable development to satisfy the needs of a quickly growing economy. The report sheds insight on India's present situation and future concerns by examining a number of factors, such as land utilisation, water resources, forests, minerals, and energy sources. The report also emphasises how important infrastructure development is for promoting economic growth and lowering poverty. This study seeks to provide useful insights into India's economic trajectory and the efforts required to assure its sustainable growth via a thorough analysis of these aspects.In addition, infrastructure development is essential for boosting economic growth. Investments in the energy, transportation, and communication sectors may boost productivity and open up new possibilities for businesses and people. To fulfil the changing needs of a modern economy, the government's commitment to infrastructure development is crucial.

KEYWORDS:

Economic Growth, Natural Resources, India,Infrastructure, Sustainable Development.

INTRODUCTION

According to standard definitions, natural resources are all the things and things that human labour, together with inputs from capital and entrepreneurship, may use to take from nature and employ to manufacture commodities and services. Natural resources are dynamic in nature, meaning that they are always changing. The demand for natural resources rises as economic growth gains speed. In this case, it is crucial to prevent overusing natural resources while still considering the needs of future generations. In other words, the aim should be "sustainable development."

The most crucial component of economic infrastructure is transportation, communication, and energy. The many forms of travel, which have developed with an emphasis on increased speed, highlight how the world is situated on the time-space-speed vectors, which are rapidly changing. Distances are not measured in terms of space, but rather on the basis of speed. The most crucial factor in all of these that separates a mature economy from a developing one is the use of energy. In this lesson, we look at the condition of the Indian economy in relation to these resources and determine if they are sufficient to support the expanding demands of a fast-expanding economy.

Land

A country's entire land area establishes clear boundaries within which the process of economic growth must be managed. The demand for land rises as new and better uses for

land are realised as this process moves on. According to economic theory, this transition is from agricultural to non-agricultural purposes. The non-agricultural applications are more especially for commercial, building, and industrial usage. The strain on land utilised mostly for agricultural activities is a severe issue in the event of a growing labor-surplus agro-based economy. However, once land is diverted from agriculture to non-agricultural purposes, it disturbs not just the agricultural supply but also the basic way of life of people who are farming. Such a modification or shift might have a negative impact on the overall growth process. In light of the growing demand for land, it is typically emphasised that land that is difficult to reach, waste land, and property that has previously been left undeveloped should be prioritised and made usable for both agricultural and non-agricultural purposes. Statistics on the pattern of land use take on more significance in this scenario. Regarding the availability of land resources, they assist in determining the outlines of future growth[1], [2].

Utilisation of Land in General

The pattern of land use in India is shown. According to its intended purpose, the accessible land is divided into two categories, i.e. agricultural land and non-agricultural land, respectively.

Agricultural Land: This comprises land that has been net planted, land that is now fallow, and land that is home to various tree crops and groves. India's overall land area, which includes agricultural land, is little over 50% of the entire area of the nation. This is the highest among the world's major and middle-sized nations. This suggests:

1. Positive physical effects (such size, length of plains and plateaus, etc.)
2. Expanding agriculture to a significant amount of the arable land.

However, due to the country's high population, the amount of arable land (land suited for agriculture) per person is low, at 0.16 hectares compared to the 0.24 hectares global average and 0.67 hectares in the US. Other nations with high per capita arable land include Australia (2.75 hectares), Canada (1.53 hectares), Brazil (0.33 hectares), and others.About 15% of the land that has been seeded has been multi-cropped, or planted more than once every year. Only one-fourth of the total cropped land is irrigated, despite the fact that the majority of the multi-cropped area is. In order to achieve high yields, labour and other inputs must be used intensively, and the irrigation facilities' security is a key aspect in this process.

Non-agricultural land: This comprises (i) land that is covered by permanent pastures and woods, (ii) land that is used for various non-agricultural purposes (such as cities, villages, highways, and railroads), and (iii) land that is designated as cultivable waste as well as arid and uncultivated land in mountainous and desert regions.

Land Utilisation Trends

Following are two significant shifts in the pattern of land use seen during the last 50 years:Reclamation of waste and fallow land: In the 1950s, with land reforms like the dissolution of the Zamindari and Jagirdari regimes, reclamation of waste and fallow land was relatively quick. While their former tenants claimed waste and fallow fields to which they had obtained rights, the evicted Zamidars recovered property that had been given to them for "personal cultivation." Government loans and subsidies made the process easier.Large growth in the area seeded more than once: Over the last 50 years, there has been a large increase in the "area sown more than once." Additionally, there is a growing demand for land for non-agricultural activities, and it may not be possible to expand net planted area further. Therefore, it is essential that emphasis be given to developing agricultural technology. The

ability to grow three to four crops year, as many other nations do, should be made attainable by this. With the new agricultural policy well established, the goal ought to be within easy grasp.

Perspectives

It is obvious that appropriate rationing of land among the many uses is necessary since the overall supply of land is a fixed factor. No further encroachments on arable land should be permitted, as much as practicable. This necessitates giving non-agricultural uses of non-cultivable land first priority. This will not only preserve arable land but also encourage balanced regional growth[3], [4].

Water

Another fundamentally essential resource is water. It is a significant source of energy as well. The economy generates around 25% of its energy from hydropower sources. Irrigation is water's other significant usage. In a nation where a considerable section of the population relies on agriculture for food, the availability of water for irrigation may make a significant impact, either stimulating or suppressing economic activity.

DISCUSSION

Surface water and ground water are the two main categories for the significant sources of water. Rivers, lakes, and other bodies of water provide surface water. Wells, springs, and other sources provide access to groundwater. Salinity-related bodies of water include saline lakes, salty springs, snow, and ice fields. These sources have not yet been used but are prospective supplies of water. Rainfall recharges surface water sources. The country's extensive network of rivers provides access to surface water.

Rivers

India's rivers may be divided into the following categories:

1. Since the rivers in the Himalayas are often nourished by snow, they run continuously all year round. The Himalayas have significant rainfall and maximum river flow during the monsoon season, which often results in flash floods.
2. The volume of the Deccan rivers varies since they are often rain-fed.
3. The coastal streams, particularly those on the west coast, have a small catchment area and short lengths. The majority of them are not perennial, or long-lasting.
4. There aren't many streams in the Western Rajasthan inland drainage basin, and those that do tend to have seasonal characteristics.

India has several water reservoirs, however they are insufficient compared to what is needed. According to a UN survey, India is ranked 133rd out of 180 nations for having a lack of access to clean water. India is ranked 120th out of 122 nations for water quality. According to a recent World Bank analysis, India has a per-person water availability of 1,185 cubic metres (cm), compared to 9,628 cm in the US, 3,371 cm in Japan, and 2,183 cm in China.

Water-Related Issues

The following are the main water-related issues:

1. a rise in water consumption across all industries;
2. the harmful effects of a lack of a sensible water price strategy on demand;
3. widespread disputes nationwide over groundwater;

4. ineffective conflict management by institutions and policies designated to resolve the problems;
5. The escalation of new intrastate conflicts.

In many areas of India, excessive groundwater consumption poses a severe hazard. Over the previous 20 years, a decline in water level of more than 4 metres has been documented in 360 districts[5], [6]. Ground water reserves have dried up or are about to dry up in approximately one-third of the country's blocks; this number is expected to reach 60% in another 25 years. Four related initiatives take on importance in this context:

a. A programme for watershed development;
b. Restoration of all agriculturally related water bodies that have been abandoned;
c. Addressing the degeneration of public irrigation infrastructure, particularly state canal systems, brought on by years of accumulative maintenance and repair negligence, and
d. Collecting rainwater.

Forests

The raw resources needed for industry, military, communications, home usage, and other public uses are produced by forests. They help the nation export more goods, which creates a lot of jobs in the primary, secondary, and tertiary sectors. For the direct use of many rural communities, they also offer supplies like fuel wood, small timber, fodder, etc. It is well acknowledged that forests provide advantages in terms of biodiversity, leisure, and soil protection. 711.03 lakh hectares, or around 23.68 percent of the total land area, are covered by forests. About 58.0 percent of this falls under the category of thick forests, which are areas where trees cover 40 percent or more of the land.

With 77,265 square miles of forest, Madhya Pradesh has the most of any state. km., followed by Chattisgarh (56,448 sq. km.) and Arunachal Pradesh (68,045 sq. km.). In comparison to nations like Sweden (66%), Japan (64%), South Korea (63%), and the United States (25%), India has a small amount of land covered by forests. The National Forest Policy of 1952 proposed a standard of 33% of the overall reporting area, which is substantially less than the actual amount.

India has less than 0.06 hectares of forest per person compared to the global average of 2.06 hectares. Additionally, compared to the global average of 2.1 m3, the productivity of Indian forests is very low at 1.2 m3 (cubic metres) per hectare. Future demand for forest products is anticipated to rise quickly. Therefore, a thorough revision of the national forest strategy is required to guarantee that both a 33% land area covered by forests and a significant increase in forest production are achieved.

Minerals

India's mineral resources cover a broad spectrum of goods required for a contemporary industrialised economy. The Geological Survey of India estimates that there are 50 significant minerals spread over 400 significant locations. India's mineral resources may be categorised into the following four groups:

1. Minerals, such as mica and iron ore, that India can dominate on the international market due to its exportable excess;
2. Minerals (such as gypsum, bauxite, manganese ore, and others) in which the exportable excess plays a significant role;

3. Minerals that provide the impression that the nation is self-sufficient in (such as bauxite, glass sand, phosphates, and sodium salts);
4. Minerals for which India must rely mostly (or fully) on export markets (such as platinum, lead, zinc, tin, mercury, graphite, and nickel).

The foundation for the economy's quick industrialization is provided by minerals. The transition to a free-market economy has made it possible for industries to develop more quickly and use more minerals. The country's geological setting offers considerable potential for an increase in mineral output. To achieve this, a comprehensive mineral strategy must take into account a few crucial factors. These variables, which include the following, were mentioned in the New Mineral Policy of 2007.

The distribution of mineral resources is severely unbalanced. The nation lacks some minerals, such as crude oil or petroleum, and imports account for a significant portion of the current demand for these minerals. It would be important to limit these minerals' expanding economic usage on the one hand, and make consistent attempts to investigate domestic sources of supply on the other, in light of the increasing pricing of these minerals on global markets. Some minerals are very profitable sources of foreign cash. In the interest of the country, efforts should be made to develop an appropriate strategy for the effective exploitation of these minerals. The mining sector is plagued by outdated technology, which has to be addressed[7], [8].

Resources For Energy

It is unnecessary to stress the importance of energy in a growing economy. It is a fundamental input needed to maintain economic progress and to provide every citizen of a nation access to basic necessities. The difference between a sophisticated economy and one based on subsistence is energy. An typical American consumer uses around 40 times more energy than an average Indian consumer does in the wealthy United States. The projected annual commercial energy consumption in kilogrammes (kg) of oil equivalent per person in India is 513 (kg), compared to 7,943 (kg) in the USA. Empirically, it has been shown that insufficient energy supplies may hinder development whereas even the guarantee of an adequate supply can be a powerful catalyst for growth.

Energy Sources

India produces energy from a variety of sources. These may be divided into the following two categories:

1. Commercial sources, including nuclear, oil, gas, and thermal and hydel electricity.
2. Non-commercial sources, such as dung cakes, firewood, etc.

Commercial sources are the more important of the two kinds of sources. From 264.2 billion kwh in 1990–1991 to 662.50 billion kwh in 2006–2007, the amount of electricity produced has grown. the relative importance of the various sources to the production of electricity. About 80% of all power is now produced by thermal sources, whose output has also advanced significantly between 1990–1991. Furthermore, nuclear energy has entered the picture, albeit so far it has a little impact.

The industrial sector uses the majority of the commercial energy, followed by the transportation and residential sectors. The majority of the energy needs in the residential and rural sectors are satisfied by non-commercial sources. Over the next ten years, it is anticipated that the proportional share of non-commercial energy will decrease. Depending on how quickly the economy grows over the next ten years, the energy needs of the economy

are predicted to increase by a factor of two to six. Even if India grows at a nominal yearly average rate of 5%, the amount of energy used per person is anticipated to increase by around 2.5 times. Therefore, it is essential to give electricity generating top attention.

Problematic Energy Nature

We refer to the issue of supplying fuels for energy production as the "energy problem." It also comprises the transmission and distribution of the energy generated at a fair price to people who need it, wherever they may be. The lack of oil self-sufficiency, the expanding gap between power demand and supply, the declining share of hydropower in total power generation, the growing reliance on oil imports, and the minimal commercialization of non-traditional sources of energy all contribute to the unfavourable energy situation. India now has an 8% energy shortfall and an 11.6% peak load shortage. With an anticipated elasticity value of 0.95, the demand would result in a 7.6% annual rise in power production for a GDP growth rate of 8%. By 2032, our electricity generating capacity would need to have increased by more than six times in order to fulfil this demand.

Power Policy

The following elements must be taken into consideration for the electricity industry to flourish healthily:

1. Reduce investment costs to better use the financial resources that are already available by choosing low-cost manufacturing techniques and technologies;
2. Reduce the net outflow of resources, particularly foreign currency;
3. Reduce the cost of energy production to encourage energy supply economies and maintain reasonable power rates without resorting to significant and unsustainable subsidisation; and
4. By protecting against catastrophic external and international catastrophes, you may increase the security of your power supply. In fulfilment of these aims, different actions implemented by the state may be split into two categories viz. both energy price and non-pricing initiatives.

Energy Pricing Measures:

The following objectives have been set by the policies implemented in India under the energy pricing measures:

1. Prioritising fulfilling the energy demands of low-income customers;
2. Promoting the use of locally generated fuels in place of oil products as a source of energy generation;
3. Giving price breaks to certain businesses and industries like agriculture in order to keep energy costs low; and
4. Emphasis is placed on preventing frequent and jarring changes in energy price levels. The burden of rising import costs has generally been distributed completely and fairly among all stakeholders in recent pricing choices.

Measures that are not related to prices include the following.

1. On the demand side, efforts have been made to control and regulate energy consumption as well as to increase the effectiveness of energy usage across various economic sectors.

2. On the supply side, initiatives have been stepped up to produce more crude oil, processed products, as well as conventional and unconventional alternative energy sources.
3. Other crucial actions include:
i) Increasing the usage of assets
ii) Cutting down gearbox losses
iii) Promoting private sector electricity production

pushing low voltage products, mostly to the industrial sector and public utilities. Increasing the production of low-voltage equipment is connected to (a) technical investments, (b) the availability of electricity for production, and (c) the amount of investment required in production units, all of which have an impact on the expansion of the industrial sector as a whole.The Programme for Accelerated Power Development and Reforms was introduced in 2002. Since then, it has been the centre of attention for distribution sector changes. The National Power Grid Projects are being carried out by Power Grid Corporation. 2012 is the projected completion date for the project, which is expected to cost about Rs. 80,000 crore. All of the current electricity grids will be combined as part of this project to create a national grid that can be accessed from anywhere in the nation[9], [10]. This will facilitate the transfer of surplus electricity to nations with a power shortage. The India Power Fund was established with the following goals:

i) Promoting the swift completion of energy projects;
ii) Investing in the electricity industry faster; and
iii) Encouraging competition in accordance with the 2003 Electricity Act.

Non-traditional energy is being looked at more and more as a long-term solution. In this regard, a three-pronged approach has been undertaken, consisting of:

1. Allotting government funds from the budget for trial projects;
2. Providing institutional financing for economically viable initiatives with the involvement of the private sector and outside funding;
3. Encouraging private investment via tax breaks, depreciation allowances, financial incentives, and competitive prices for the electricity provided to the grid.

Renovation and modernization of hydro and thermal power plants are also open to private sector involvement. Detailed criteria have been established for this purpose. The three possibilities outlined in these recommendations are lease, repair, operate, and transfer (LROT), selling the plant, and forming a joint venture between state energy boards and private businesses.

Infrastructure

Infrastructure refers to those auxiliary services that aid in the expansion of directly productive industries and agricultural pursuits. From the provision of health services and educational facilities to the delivery of such requirements as electricity, irrigation, transport, communication, etc., these services cover a broad spectrum. Unit 24 of your current course deals separately with the topics of health and education. Here, we're talking about a few of the services discussed later.

Growth in Infrastructure and Economy

Economic development and infrastructure have a mutually reinforcing connection. First, infrastructure encourages economic development, and second, improvements in infrastructure

are a result of economic growth. The first relationship—the forward one—between infrastructure and economic expansion results from the following elements:

a. The output of the infrastructural sectors, including those that deal with transportation, water, and electricity, is utilised as an input in the immediately productive sectors. manufacturing, farming, etc. Thus, limited availability of the former causes less-than-ideal asset utilisation in the latter.
b. The expansion of infrastructure, such as transportation, considerably boosts productivity.
c. Infrastructure is the secret to current technology in almost every field.
d. Numerous studies have shown a strong correlation between infrastructure development and GDP growth. According to these research, a 1% increase in infrastructure investment corresponds to a 1% increase in per capita GDP.
e. Studies have also shown that in low income nations, infrastructure services typically provide 6.5% of the overall value added. In middle-income countries, this percentage rises to 9%, while in high-income nations, it rises to 11%.

Given the aforementioned form of connectivity, infrastructure development is crucial for both economic growth (in light of globalisation and technical progress in manufacturing) and the elimination of poverty.

Second, the relationship between infrastructure development and economic growth results from the following. Infrastructure thus faces demands as a result of growth. The correlation between GDP growth and infrastructure needs may be used to show this. As a consequence, as wealth levels rise, so does the makeup of the infrastructure. For example,

1. In low-income nations, irrigation and other forms of basic infrastructure are particularly crucial.
2. The need for transport is increasing quickly in middle-income countries.
3. Power and communications are increasingly crucial in high income economies. Because of these connections between infrastructure and the rest of the economy, the efficiency, competitiveness, and growth of the economy all depend on how far along the infrastructure sector is in its development.

According to studies, the government can accelerate real GDP by 1.8 percentage points in the medium to long term, or six to ten years, with a 20 percent consistent rise in public investment in infrastructure. Additionally, it is predicted that this would be accompanied by a 0.2 percentage point fall in inflation, and that the gain in consequent income will result in a 0.7 percentage point yearly decrease in rural India's poverty rate. This demonstrates the possibility for the Indian economy to expand at a real GDP growth rate of the much-discussed 8–9%.The remainder of this lesson will concentrate on a few key components of infrastructure, such as ports, highways, and communication.

CONCLUSION

The critical significance that infrastructure and natural resources have had in influencing India's economic growth has been addressed in this study. In order to fulfil the requirements of its expanding population, India, with its abundant and diversified land resources, must strike a balance between agricultural and non-agricultural land usage. Water resources in the nation are under stress, and proper management is essential to maintaining economic and agricultural activity. The sustainable use of forests, minerals, and energy resources is essential given their important contribution to industrial progress.In conclusion, India is at a pivotal point in its development when prudent resource management and infrastructural

improvement are essential for maintaining economic growth. By guaranteeing that the nation's natural resources and infrastructure can meet the demands of both the current and the future generations, sustainable practises and smart investments may help the country have a better and more prosperous future.

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CHAPTER 10
DEMOGRAPHIC DYNAMICS: UNDERSTANDING INDIA'S POPULATION TRENDS AND CHALLENGES

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ABSTRACT:

Numerous themes were covered in the unit, including the demographic transition, urbanisation, population pyramid, dependence ratio, and demographic dividend. The trends in them for India were provided to highlight the level of progress accomplished throughout the previous six decades of planning since independence as well as the difficulties that lay ahead, in addition to demonstrating their value as essential developmental indicators. To demonstrate the government's commitment, the key components of the National Population Policy - 2000 were given near the conclusion.This extensive research explores India's demographic features, including population numbers, growth rates, fertility rates, death rates, and trends in urbanisation. The investigation, which covers many decades, sheds insight on the difficulties and chances that India's constantly changing demographic landscape faces. The research highlights the government's commitment to tackling demographic challenges by discussing the crucial elements of the National Population Policy - 2000. This research emphasises the relevance of these demographic characteristics as critical developmental indicators for India's future via a thorough investigation of them.For effective planning and sustainable development, it is essential to comprehend India's demographic features. To secure a successful and just future for its people, India must maintain a balance between population increase, urbanization, and socioeconomic progress.

KEYWORDS:

Demographic, India's Population,Labour,Trend.

INTRODUCTION

Labour is an essential factor-input that the population provides to the development process. Additionally, it is the main gainer from development. The demographic characteristics of a nation include its population size, demographic makeup, distribution by area, changes in these characteristics through time and place, and variables that either impact or are influenced by these qualities. The results of the census may be used to create a demographic profile of India. In our nation, a census is taken every 10 years. The most recent such census used March 1 as the reference date and was carried out in 2001. The current lesson gives a detailed explanation of the conceptual factors pertaining to the significant demographic characteristics of India.

Population Size

According to the 2001 census, there were 1028.74 million people living in India (10 lakhs = 1 million). China has the most people per nation in the world, with India coming in second. China has roughly 7% of the world's territory but has 21% of the people, whereas India has just 2.4% of the world's area but makes up 16.9% of it. The United States of America has the comparable shares at 5% and 7%, respectively. India and China undoubtedly have more people per square mile than the United States. In other words, the USA has a lower

population density than China and India.Population density is measured as the number of people per square kilometre (sq. km) of land area. Thus: Geographical area's population Land Area in square kilometres. inside the geographic region.

India has a 325 density of people. India's population is not evenly dispersed across the nation. Delhi (density - 9340), Kerala (919), and West Bengal (903) are among the regions of the nation with the highest population densities. More sparsely populated than others are hilly regions such as Arunachal Pradesh (13), Jammu & Kashmir (109), Himachal Pradesh (109) and Uttaranchal (159), as well as areas with significant forested areas such as the Andaman & Nicobar Islands (43), Chattisgarh (154) and Madhya Pradesh (196) and the State with a desert, namely Rajasthan (165). Typically, heavily inhabited locations tend to be those near agriculturally productive areas, industrial areas, areas near administrative capitals, or generally, places where economic activity is common. This is due to the fact that these regions attract people from other regions because they provide a disproportionately higher number of chances for a living than other regions[1], [2].

Human Population Growth

Through migration and natural events like births and deaths, the population of a certain place varies over time. Emigration, also known as out-migration, and immigration, sometimes known as in-migration, are the two main types of migration. Net migration is the distinction between immigration and emigration. India has very little net migration, hence the country's population is mostly growing as a result of natural growth.Typically, we are curious to know how quickly the population is changing over time. India's population climbed from 361.0 million in 1951 to 439.2 million in 1961 and then to 548.1 million in 1971.

In 1981, there were 683.33 million people, 846.30 in 1991, and 1028.74 in 2001. As a result, during the course of five decades, the population rose by approximately three times. India's population has consequently been steadily growing in terms of absolute numbers. The fact that the population growth rate has slowed recently, however, is noteworthy. The rate of growth of the population over the period is the ratio of the increase in population during a certain time period to the starting population (designated as base year population), or the relative increase to the initial population, represented as a percentage. The population growth rate of India, as estimated above, decreased from a high of 23.85% during the decade 1981-91 to 21.34% during the decade 1991-2001. This is because if we denote the population of an area in the initial period as P0 and the population of the same area at time 't' as Pt and the rate of growth of population during the period 0 to 't' as Rt, then the growth rate of population in the initial period is P0. Keep in mind that the two growth rates, viz. The growth rates during the comparable 10-year periods are 23.85% and 21.34%. In actuality, the average annual growth rate (AAGR) is a typical way to represent growth rates. By simply dividing the decadal growth rates by 10, the AAGR for the first period 1981–1991 is 2.4%, and for the second period 1991–2001 is 2.1%.

Written Rates

We have mentioned that the three factors that affect population increase are births, deaths, and migration. Other elements also have a role in these situations. Age at death or longevity, illness prevalence, accessibility to medical services, levels of health and nutrition, and other variables are a few examples of such characteristics. The second group of variables includes those that affect the number of children that women have when they are in their reproductive years (i.e., fertility), such as their age at marriage. The third group of concerns concerns the "push" and "pull" variables that influence immigration and emigration, respectively. The vital rates (or statistics) for births (i.e., fertility) and deaths are currently defined. Because the rates

are too low to be stated as percentages, the majority of these vital rates are defined as rates per thousand of population each year.

Pregnancy Rates

Crude Birth Rate: The number of live births in a given year (and region) per thousand people is known as the crude birth rate (CBR). The CBR in India has decreased over the last century, going from 49.2 during the decade 1901–11 to 39.90 during 1941–51, 25.8 during 1991–2001, and 23.5 in 2006. The government's encouragement of family planning schemes and the general public's growing knowledge of the advantages of adopting a modest family norm are the major causes of this decline. As a consequence, from 49.2 per thousand or 4.92% during the period of 1901–11 to 25.80 per thousand or 2.58% in 2001, the average yearly rate of gross population increases has decreased.

Despite a further decline to 23.5 in 2006, CBR is still high and varies greatly across states. From 13.1 in Manipur to 30.1 in Uttar Pradesh, it varies. A concentrated effort to lower the CBR is required in the central belt, which includes the five states of Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, and Orissa, where the CBR is high even in 2006. This would undoubtedly have a significant influence on the national birth rate. The CBR is still high, why? Here are some of the main causes of this:

i) Due to India's high infant death rate, parents often have additional children in the hopes that at least some of them would live;
ii) There is a deeply ingrained, historic desire in India for sons, who many feel would provide parents stability in old life. Due of this, Indian parents often want for a son even if they already have one or two daughters;
iii) Children are often seen as valuable resources, particularly in agricultural and business families where they may support the household by working on farms and other small companies, which lowers labour costs and increases revenue;
iv) Many parents are unaware of the contemporary birth control and pregnancy termination options that are accessible;
v) A mentality that views the techniques,
vi) Despite laws lowering the minimum age for marriage in India to 18 for females and 21 for boys, the age of marriage is frequently low, and as a result, the reproductive period in marriages is still longer than ideal [3], [4].

Rate of General Fertility

As its name suggests, the crude birth rate is just a rough estimate of fertility. Keep in mind that the area's total population, which includes individuals of all ages and both sexes, is compared to the number of births in a year (the numerator in formula 7.1). To quantify fertility, it would be reasonable to compare the number of births with the population of women in the 15–49 age range (15–44, depending on the level of fertility in the region). The General Fertility Rate (GFR), a more accurate indicator of fertility, may be obtained by substituting the mid-year population of females aged 15–49 in the region for the CBR's denominator. Thus, it is the number of births per 1,000 women of reproductive age (aged 15 to 49) in a given year. However, ageing also affects fertility levels. Therefore, it would be beneficial to further improve the fertility metric by determining Age-Specific Fertility Rates (ASFR) or by evaluating fertility levels at various ages. The ASFR for any age group is the proportion of live births to the female mid-year population of that age group per woman. For instance, the ASFR for women between the ages of 25 and 29 is F(25 to 29), whereas the

ASFR for women at age 25 is F(25). In order to reflect the number of live births per woman in the given age group, the ASFRs are reported as fractions rather than per thousand rates.

DISCUSSION

Total Fertility Rate (TFR), a key indicator of fertility. According to the levels of fertility in a region, the reproductive life of a woman is defined as the age range of 15–49 or 15–44 when she reaches the end of her pregnancy. TFR for India was projected to be 5.2 in 1971, but it is now believed to have decreased to 3.6 in 1991 and then to 3.0 in 2002. Kerala had a TFR of 1.8 in 1991, compared to at least 4.4 in 1991 for the four states of Uttar Pradesh, Bihar, Madhya Pradesh, and Rajasthan. Even in 2002, the TFR in these four states varied from 3.8 to 4.4. With such a high TFR number, women in these four states would typically contribute 3.8 to 4.4 children to the population by the end of her reproductive life, based on the prevailing age-specific fertility rates.

As these four states together account for 36% of the nation's total population in 2001, this would have a significant influence on the country's population increase in the next years. TFR is a crucial factor in regulating population increase. TFR for the nation has been reduced to a level of 3 during a 30-year period, although it is still high enough to be of concern. Reduced fertility has to be the focus of attention, particularly in the aforementioned four states. These four states including Orissa, which had a TFR of 2.6 in 2002 and 4% of India's population in 2001, have been joined together as EAG (Empowered Action Group) states in order to take empowered action to lower fertility rates in these states. The country's TFR value should be reduced to 2.1 by the conclusion of the Eleventh Five Year Plan, which runs from April 2007 to March 2012. This is one of the plan's key objectives. The one child per household policy that China has been enforcing since 1979 has helped the country succeed better in its attempts to lower its TFR to 1.85 in 1995.

Survival Rates

The number of fatalities per 1,000 people in a region is known as the Crude Death Rate (CDR) or Crude Mortality Rate (CMR) for any given year. The total mortality rate indicates the region's overall health at any given period. It also provides the annual pace at which a region's population declines.

While CBR is the gross natural population growth per year per thousand people in a region, CDR shows the natural population decline per year per thousand people in the same area.From a high rate of 48.6 per year per thousand people between 1911 and 21 to 8.5 in 2001 and then further to 7.5 in 2006, CDR in India has decreased. In other words, from 1911 to 2006, the yearly rate of natural population decline decreased from 4.86% to 0.75%. Kerala's CDR in 2006 ranged from 6.7 to 9.3 in Orissa. With a CDR of 4.5, Manipur is in a better position than Kerala.

Population Growth Rate at Natural Rate

The population's natural growth rate is represented by the difference between CBR and CDR. In India, the CDR has continuously decreased, with its reduction being more pronounced than that of the CBR. As a consequence, the rate of natural growth in population climbed from 1.01% per year to 1.73% per year between 1931 and 2001. In 2006, the natural growth rate per year ranged from 0.8% in Kerala to 2.2% in Bihar. As was previously stated, extra consideration has to be given to the states at the upper end of the BR and TFR range, namely the EAG states[5], [6].

Death Rates by Age (ASDR)

Death happens to people of all ages, and the danger of dying changes with age. Therefore, it would be required to calculate Age-Specific mortality Rates (ASDR), which are defined as follows, in order to examine mortality rates for populations at various ages or age groups.

Rate of Infant Mortality

Compared to adults, children have a higher chance of dying, particularly in the first year of life. Infants' health, defined as those under the age of one year, is a crucial sign of the quality of medical treatment and facilities in a location and should be closely evaluated. The number of newborns under one year old who pass away in a certain region each year per 1,000 live births in the same year and location is known as the infant mortality rate (IMR).

Demographic change

The present "developed" nations' demographic experiences demonstrate that countries go through three phases of demographic transition:High birth and death rates characterise the first stage, followed by high birth and low death rates in the second stage, and low birth and low death rates in the third stage. Both the birth rate and the mortality rate are very high during the initial phase of demographic transition, which often corresponds with a low level of development. Therefore, the population growth rate is quite low (birth rate minus death rate). India, for instance, had a modest pace of population increase up to 1921 while having a high birth and death rate. Thus, up to 1921, India may be thought of as being in the early stages of the demographic shift.

The level of life, people's nutrition and health, housing, and sanitation all improve as a nation develops, and mortality rates go down. The history of emerging nations demonstrates that medical advancements, rather than industrialization, are the main reason for such a drop in mortality rates. However, since it relies on values, culture, tradition, and knowledge of people, as well as the benefits of a small family, the birth rate is not affected by these advances as rapidly as the mortality rate is. As a result, it is still high and, even though it is declining, it is doing so much more slowly than the mortality rate. In this second stage of the demographic transition, the discrepancy between the birth rate and the mortality rate widens and the population growth rate is rapid. The population expansion period is occurring during this time.

From 48.6 per 1,000 people between 1911 and 21 to 8.5 between 1991 and 2001, and to 7.5 in 2006. Contrarily, the birth rate remained over 40 for the majority of the years 1921 to 1971 and above 30 from 1971 to 1991. Even after then, it has remained over 20. As a consequence, up until 1971, the population grew at an increasingly rapid pace. After 1971, the population growth rate slowed down a little, although it is still quite strong today. Between 1951 and 1981, India's population almost doubled, and between 1951 and 2001, it nearly tripled. The second stage of India's demographic change is still ongoing. In the same demographic transitional period as Bangladesh and Pakistan.The third stage of demographic transition is characterised by low birth and mortality rates. The level of living rises, female literacy increases, the marriageable age rises, public awareness of and support for small-family norms increases, among other things, as a nation's economy grows. These cause the birth rate to decline. Considering that mortality rates are already low,

Features of the population

Population growth slows to lower levels than previously. The majority of today's affluent nations, including the USA and Japan, are in the third stage of demographic change. The third

stage of the demographic transition has reportedly been achieved in several Indian states, including Tamil Nadu and Kerala.

Urbanization

The process of urbanisation affects how people are distributed between the rural and urban areas of a nation. Cities, towns, and villages are home to people. Families and individuals relocate often, particularly from rural areas to urban centres for a variety of reasons. Urban population growth is due to:

1. A rise in urban population that is natural;
2. Rural-to-urban migration; and
3. Rural regions becoming urban areas as a result of
   i. The transformation of locations into new settlements through notifications;
   ii. Construction of brand-new industrial townships; and
   iii. The expansion of urban clusters.

In India, the proportion of urban residents climbed from around 11% in 1911 to nearly 28% in 2001. In other words, as time has gone on, the pace of urbanisation has accelerated and the urban population has expanded more rapidly than both the rural and overall populations. About three out of 10 Indians reside in a city. However, the pace of urbanisation has varied amongst the states. With up to 93.18% of its residents residing in cities, the Union Territory of Delhi is the most urbanised. Goa is the most urbanised state, with about half of its residents residing in cities. Himachal Pradesh (9.3%) and Dadra & Nagar Haveli (22.89%) are the least urbanised states and union territories, respectively. Urbanisation is seen as advantageous due to greater opportunities for earning higher earnings, improved infrastructure, and improved public knowledge of and responsiveness to social concerns generally. Thus, urbanisation promotes modernization and social development. In comparison to rural regions, urban areas have lower birth, mortality, IMR, and fertility rates.

Urbanization is not entirely a good thing, however. Urban life is negatively impacted by a lack of land, a widening gap between demand and supply for essential amenities and services (such as housing, water supply, sanitary services, power, roads, and public transportation), and, eventually, severe environmental pollution in cities. Cities' overall slum populations have been rising, notably in mega- and metropolises. According to the 2001 census, India has 42.6 million slum dwellers, or nearly 15% of the total urban population of the nation. However, it is also true that many vital services are provided by the slum dwellers in cities and towns to the urban population, despite the fact that their levels of access to basic services are relatively low.

Rural poverty and the dwindling number of viable economic options in villages are the main causes of rural-urban migration. Particularly, the latter is a result of declining state investment in agriculture. 'Pull' factors of urban areas and 'Push' factors of rural areas should both be diminished by policies intended to provide housing, water supply & sanitation, electricity, health &medicare services at levels comparable to urban areas, better road connectivity, etc. in rural areas. One member of every rural household is legally guaranteed 100 days of work each year according to the National Rural work Guarantee Act (NREGA, 2005). Similar to this, the SarvaSikshaAbhiyan (SSA) is an initiative designed to ensure that all children in the school-going age range (i.e., 6 to 14 years) have access to education. The revitalization of the agricultural sector is a key focus of the tenth and eleventh five-year plans. The government has recently taken several actions to lessen rural-urban migration[7], [8].

Ratio Of Sex

Males and ladies of various ages make up the population. The gender and age distribution of the population has an impact on the efforts that the government and society make in the areas of housing, job creation, public transportation, power, sanitation, and other public services. These also have an impact on the population growth rates of the present and the future as well as the rate of economic development.

The sex ratio, or the number of females per thousand men, is a way to quantify how gendered the population is. In industrialised nations, it has been noted that there are more females than men. However, India's sex ratio reveals that men outnumber women. However, from 972 in 1901 to 933 in 2001, the sex ratio has decreased. Additionally, there are significant differences across states; for example, it ranges from 1058 in Kerala to 861 in Haryana and from 1001 in Puducherry (Pondicherry) to 710 in Daman & Diu among Union Territories. There are many reasons for the downward trend in the sex ratio in India, including:

1. Increasing underrepresentation of women in subsequent censuses;
2. Women's subordinate position in society;
3. Discrimination against women in practically every aspect of life, including access to health care, education, and other essential services and amenities;
4. Women who lack literacy;
5. The mistreatment of girls and women; and
6. The long-standing desire for boys over daughters, which has led to abhorrent acts like female infanticide and female foeticide.

To address these difficulties, efforts have been made in recent years to promote gender equality via a focus on girls' education, women's empowerment, laws to stop domestic abuse against women, a restriction on the use of scans and other methods to identify the sex of the unborn, etc.

Pyramid of Population

The age pyramid or population pyramid is a comprehensive representation of the age-sex structure of the population. The population pyramid is made up of horizontal bars that are stacked on top of one another to resemble a pyramid and indicate age groups in increasing order. The number of men and females in each age group, or the proportion of males and females in each age group to the total population, is shown by the length of the horizontal bar for that age group as measured from the central axis. Absolute pyramids depict the variations in the total population size within each age-sex category. On the other hand, percentage pyramids show the relative variations in population size for each age-sex category.

The ten-year age group distribution may also be derived from the age distribution by five-year age groups. With the latter, we can track the population's growth through subsequent censuses for each ten-year age group. For instance, if there is little movement in the population between the two censuses, surviving from the population in the age range 0-9 in one census will make up the age group 10-19 in the next census.

Diversity Ratio

The working-age population, or those between the ages of 15 and 59, is expected to care for children and the elderly, or those between the ages of 0 and 14 and 60 and older. We may examine the population in terms of the size of those in the working age population compared to the size of those depending on the wages of the working age population thanks to the age structure of the population by age groups of 0-14, 15-59, and 60+. Instead of 15-59 and 60+,

some people use the age ranges 15-64 and 65+. The dependency ratio (DR) is the proportion of dependents (those in the age ranges 0–14 and 60+) to the working-age population (15–59). The load per person in the working age group is shown below. Savings often increase when dependence ratios are good. Of course, this is only feasible if people who are of working age are engaged in worthwhile jobs.

CONCLUSION

In conclusion, population growth, fertility rates, death rates, and urbanisation have all contributed to substantial changes in India's demographic environment throughout time. Although the population has significantly increased, the growth rate has recently decreased. Fertility rates have declined, however certain areas still have high fertility rates. A demographic shift has occurred as a result of a significant decline in mortality rates. India's population distribution is still being shaped by urbanisation, which presents potential for economic expansion but also obstacles in terms of infrastructure and social services.The National Population Policy - 2000 was introduced by the Indian government to address these demographic issues and capitalise on a rising and young population. This strategy tries to address problems including mother and child mortality while also promoting gender equality, a stable population, and reproductive health. India must keep up its implementation of these measures and attempts to address the underlying causes of demographic transitions.

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CHAPTER 11
TRANSFORMING INDIA'S TRANSPORTATION AND DEMOGRAPHIC LANDSCAPE: CHALLENGES AND STRATEGIES FOR SUSTAINABLE GROWTH

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ABSTRACT:

With a particular emphasis on road networks and ports, this paper covers important facets of India's transport infrastructure and offers insights into the prospects and problems facing the telecom sector. The development of India's economy is greatly influenced by the country's transportation infrastructure, which includes highways, railroads, ports, and more. Given the size of the country's road system, which includes both state and federal roadways, the need for infrastructure expansion and upkeep is obvious. Similar prospects exist for port expansion throughout India's coastline, which might increase global commerce. The article also examines the phenomenal expansion of the telecom industry, emphasizing its influence on economic growth. In order to stimulate growth, it emphasizes the need of increasing broadband availability and developing pricing and fiscal strategies. Also examined are India's demographic patterns, such as population ageing and the demographic window. The need of comprehensive measures to take advantage of the demographic dividend, lower fertility rates, and stimulate economic development is emphasized in the paper's conclusion.

KEYWORDS:

Demographic, Growth, Strategies, India's Transportation, Transforming.

INTRODUCTION

Any country's transport system, including India's, depends on several crucial auxiliary services. The many modes and services that make up the overall transportation network include: highways, ports, interior waterways, coastal shipping, airports, and airlines. More than 95% of all traffic in India is transported via roads and railways, which are the primary modes of transportation. Rail and road travel dominates the nation's transport landscape, despite the importance of other modes including coastal shipping and interior water transport.

The growth of the different modes of transportation must be encouraged in order for them to work in concert to create an integrated transportation system that is effective, sustainable, safe, and regionally balanced. Since each mode of transport functions in its own economic sector, such an integrated development makes it easier for a "competitive and non-discriminatory price structure" to evolve, which is essential to advancing the nation's "transport infrastructure." In other words, it would make it possible for the user costs to accurately represent the achievement of competitive advantages of economic efficiency.

The need for an adequate transport system has become more urgent as a result of the economy's liberalization. This will increase productivity and, in turn, help the nation compete successfully on the global market. A country's capacity to expand its international commerce and attract foreign direct investment is significantly improved by having a dependable and adequate transport infrastructure and services. Since the economic foundation that governments provide for the transport industry primarily affects the cost of services, the

government has a significant role to play in this area. Therefore, in order to offer an integrated transportation system with the highest level of efficiency and the lowest possible cost, it is required to provide a legislative environment that promotes coordination across multiple modes of transportation[1], [2].

Road Network: Relevance, Scale, and Policy Focus

A strong road system is a crucial piece of infrastructure for quick development. By providing connection to isolated places, access to markets, schools, and hospitals, and opening up underdeveloped regions to commerce and investment, it aids in the development process. In the expansion of intermodal transportation, roads also play a crucial role in connecting ports, railway stations, and airports. The national highways (NH), state highways (SH), major district roads (MDRs), and rural roads (RR), which include minor district roads and village roads, make up India's road network. Only 20% of the road network is made up of NHs, which together total 66,590 km in length and transport 40% of all traffic. Together, SHs (with a length of around 1,37,000 km) and MDRs (with a length of 3,00,000 km) make up the secondary system of road transport, which makes a substantial contribution to the expansion of the country's industrial sector and rural economy. Despite making up just around 13% of the country's total road length (33.14 lakh km), the secondary system also transports roughly 40% of all traffic on the roads. Once properly built, RRs (which include the substantial residual of 28.1 lakh km in length) have the ability to offer the crucial rural connection required to increase agricultural earnings, provide possibilities for productive employment, and facilitate access to social and economic services. As a result, the road system is woefully insufficient and provides horrible riding conditions. The deterioration of significant stretches of NHs and other improvements to the road network are being given high priority in the planning process in order to improve the situation, in addition to the swift implementation of projects like the Golden Quadrilateral (GQ) and the North-South and East-West (NS-EW) corridors. The following goals have been set forward in a road development programme:

1. Develop roads as a crucial component of the transportation system, completing other modes, with a focus on a well-balanced network of primary, secondary, and tertiary roads.
2. Hasten the national roads development program's (NHDP) execution.
3. Over the course of the next 10 to 15 years, defects in current NHs will be gradually removed in tandem with traffic growth.
4. Create detailed master plans for the construction of 15,600 km of motorways with access controls.
5. Give high-density corridor construction in SHs and MDRs priority.
6. Encourage private sector involvement in the construction of the state and federal road networks.
7. Reach the Bharat Nirman goal of all-weather road connection in rural regions to all settlements with a population of 1000 or more by 2009 (or 500 or more in hilly/tribal areas), enhancing the quality of life there and ensuring balanced regional growth.

Focus on maintaining the current road network properly and meeting higher maintenance requirements to make the most use of the network's capacity and protect the already-built road assets. Adopt current management approaches for a scientific evaluation of maintenance priorities and strategies to achieve this. Prevent truck overloading, encroachments, unforeseen ribbon development, etc. for the sake of road safety.Pay attention to topics like environmental preservation and energy conservation. Construct top-notch rest areas beside roads.Reduce transportation expenses by using containers, multi-axle trucks for hauling cargo, improved riding surfaces, etc.Where a rail connection is impractical, provide road

connections.Coordinate road construction with railroads and other transportation systems. Create a road data bank by automating the project monitoring process and encouraging the use of IT in the road industry[3], [4].

Ports

The intermodal link between land (road and rail combined) and sea transportation is created by ports. Around 7,517 kilometres of India's coastline are made up of sea islands, with 187 registered non-major (minor/intermediate) ports and 12 major ports. The maritime route accounts for over 95% by volume and 70% by value of India's international commerce in goods. About 73% of the nation's marine freight was handled by the country's 12 largest ports in 2006–07. Non-major ports handled the remaining 27%. About 77% of the total cargo handled at Indian ports is freight from outside.

Port Development Issues

Indian ports have a huge potential for development and modernization. The key issue is that the government has not been able to renovate the major ports as a result of pressure from labour unions. Indian ports are thus significantly overstaffed, which has a negative impact on productivity. The present status of the Indian ports is a result of political pressure, a lack of autonomy, a lack of incentives, an excessive amount of bureaucracy, and inflexible hierarchical structures.India trails far behind the more significant international ports. One example is Hong Kong, which handles more than 20.01 million TEUs (20-foot equivalent units) annually, the biggest port in the world. Antwerp, the tenth-largest port, handles around 5.4 million TEUs. The Jawaharlal Nehru Port (JNP), the biggest container port in India, is only contracted to accommodate 2 million TEUs. The typical pre-berthing time, which is roughly 11 hours, and the typical turnaround time, which is around three days, are both problematic. For instance, in Singapore, the analogous times are 3 hours and half a day. The weak road and rail container evacuation infrastructure from the port is the main reason of these low performance metrics.

Recent Port Development Policy Initiatives

The first priority is to strengthen smaller ports' rail and road links while decongesting important ports like the JNP (in Navi Mumbai). The main goal of the programme is to increase the capacity of the current ports while increasing their productivity. New forms of contractual agreements are being produced to accomplish the former. Although slowly, the second issue is also being addressed.

Second, private involvement is increasingly being sought for due to the lack of public money. So far, international companies have spent over $800 million. It is predicted that the potential would eventually reach $35 billion. Policies and procedures have been greatly loosened to make this feasible. The areas designated for private participation are leasing of existing port assets, enabling the creation of new assets such as bulk, break bulk, multipurpose and specialised cargo berths and warehousing facilities, construction and operation of container terminals, and enhancing container freight stations, storage facilities, and tank farms, handling equipment, dry docking, and ship repair facilities.

Thirdly, a tariff authority for large ports has been established by revising the 1963 large Ports Trust Act. Fourth, the government has also made the decision to encourage coastal commerce by establishing a number of small ports all over the peninsula. Fifth, the automatic increase of the foreign investment ceiling to 51 percent in support services such dock management and maintenance and vessel loading and unloading. In projects for ports, harbours, and vehicular

tunnels, FDI up to 100% is allowed. The BOT model is being employed, and after the concession time, the port will regain ownership of the assets generated. To attract new technology and improved management techniques, major ports have been granted permission to create joint ventures with international ports, smaller ports, and other businesses. Concessional import duties are now permitted. The Income Tax Act has extended a ten-year tax break.

DISCUSSION

The key to the nation's swift economic and social growth is the creation of a telecommunications infrastructure of the highest calibre. The Indian telecom industry has seen a major transition in the previous ten years, driven by a number of regulatory measures, including the New Telecom regulatory (NTP) of 1994 and the NTP of 1999. With the modernization plans established to put the nation in line with those of other industrialised nations, it has had amazing development throughout this time and is ready to experience much more rapid growth.

Current Telecom Network Status

At the moment of independence, there were only roughly 84,000 fixed-line connections. As of March 31, 2001, there were about 206.83 million functioning connections (comprising 40.77 million fixed telephone lines and 166.05 mobile phones). The current, strong telephone network in India has 207 million users, making it one of the biggest in the world and the second largest among rising nations (behind China). The current telecom network's state is excellent, including a broad variety of services such basic, cellular, internet, paging, very small aperture terminal (VSAT), etc. Even though India's telecom industry has had tremendous development when compared to worldwide growth patterns and indicators, it still has to do better in terms of tele-density. Empirical studies show a positive relationship between tele-density and GDP since the telecommunications sector's expansion is linked to the expansion of other economic sectors.

New Initiatives in the Telecom Industry

Broadband adoption has been seen to have a multiplier impact on the economy. Broadband adoption has a favourable association with a nation's national income, according to experience. With this in mind, it is acknowledged that a suitable internet-broadband strategy must be implemented. The following are major components of such a policy framework:

Pricing Policy:

The market in India is very price-sensitive. A service or item is more likely to be accepted if the price is reasonable. This truth has been adequately shown by the telecoms business. If bandwidth were considered a commodity, it would need to be priced appropriately to achieve the desired takeoff. Reselling bandwidth for domestic use should be permitted since it is known to promote competition and infrastructure growth.

Fiscal Policies:

The following elements must be taken into account in terms of fiscal policy:

1. Promoting affordable access devices;
2. Lowering taxes on commodities used in broadband networks and bringing input taxes on goods produced locally into line with those on completed imports;
3. Offering a suitable tax framework to promote development without reducing government revenue[5], [6].

Coordination amongst PSUs:

The consortium of PSUs and the public sector leader BSNL should coordinate to find more communities that might get broadband access by exploiting the latter's infrastructure base. In order to make the coordination programme easier, the development of appropriate financial incentives is required.

Features of the population

Resources for Development Between 1971 and 2001, India's dependency ratio decreased from 0.92 to 0.76. Kerala, which had a DR of 0.58 in 2001, is significantly better placed in this regard. This is due to the fact that the number of children in the population of the nation has decreased between 1971 and 2001, and that the number of children in Kerala's population is lower than the number nationwide.

Ageing Population

We can investigate 'population ageing' and other topics with the use of data on the age structure of the population through time. When the population's mean or median age increases, population ageing takes place. The population's median age is the age at which the population is split in half, with those in the top half being at or older than the median age and those in the bottom half being younger. When the percentage of children, or those between the ages of 0 and 14, declines and the population's expectation of life expectancy increases, the median or mean age of the population increases. This is the end outcome of declining fertility and mortality rates throughout time.

Between 1971 and 2001, the median age of the Indian population increased from 19.60 to 22.81 years. India's population aged as a result between 1971 and 2001. This is due to the fact that from 1971 to 2001, the CDR had a dramatic fall, the expectancy of life at birth increased significantly, and the TFR decreased from 5.2 to 3.1. In order to assess each state's relative progress from the perspective of its population's health, we may also compare the population's ageing between states. Due to Kerala's persistently low TFR and CDR compared to the national rates, its population is older than the rest of the nation's population. Kerala has also had a greater birth expectancy than the rest of the nation. The world's median age has risen from 29.0 in 1937 to 37.3 in 2000, and it is predicted to reach 45.5 in 2050, according to some projections. The similar values are 23.9, 26.8, and 37.8 for the more developed parts of the globe. According to estimates, China's population's median age increased from 23.7 in 1950 to 28.3 in 1995.

Divide Or Demographic Window

The term "demographic window" refers to the moment in a country's demographic development when the percentage of children and youth (those under the age of 15) falls below 30% and the percentage of adults 65 and older is still below 15%. This would suggest that at least 55% of people are considered to be of working age, defined as those between the ages of 15 and 64. Therefore, the majority of the population would be of working age, and the dependence ratio (DR) would be at most 0.82 (i.e., 45 divided by 55). Alternately, the DR would drop to 0.67 if the proportions of the dependent age groups were 27% and 13%, respectively.

The DRs are smaller for societies that have entered the demographic window. Such positive DRs tend to increase savings and investments in human capital, or the expenditures necessary to increase capacities and skills and, therefore, the productivity of human resources via education, training, nutrition, and healthcare. The demographic dividend (DD), which is an

increasing proportion of people in a population who are working age, indicates a potential that might accelerate economic development.

If the working age population is not employed completely and efficiently, this demographic dividend or potential will remain merely a prospective benefit. This is due to the possibility that low rates of workforce participation, particularly among women, or high rates of unemployment or low skill levels in the labour force might restrict the beneficial effects of such a favourable age structure on economic development. Keep in mind that what matters is not so much the ratio of dependents to the working population as it is the growing number of people of working age to the overall population and the economy's ability to effectively harness this potential.

Depending on the nation, this window of opportunity, or the availability of the demographic dividend, often lasts for 30 to 40 years. Due to the relationship between fertility rates and the age structure of the population, the timing and length of this phase are strongly related to those of the drop in fertility levels. The age pyramid first contracts as birth rates decline, with a decline in the proportions of age groups under 15 years and the age pyramid obtaining a "bulge" in the centre, which corresponds to the working age groups. However, after a few decades, low fertility leads the population to age (i.e., the bulge moves towards the top of the age pyramid), and the rising number of elderly individuals boosts the dependence ratio once again. Therefore, nations that have entered the Demographic Window have the demographic potential for rapid economic growth providing, of course, that the working-age population is trained and is used by the economy to its fullest capacity. Therefore, economic policies that aim to realise this potential become crucial[7], [8].

Has the demographic window closed for India? No, it wasn't until 2001 that it arrived. Despite the fact that the percentage of people over 65 fell below 15%, the proportion of people under 15 years old was still more than 30%. To get the most out of it, however, quick action must be made since it will shortly reach this stage. The proportion of people who are working age is increasing (it is now close to 60%). However, the economy was not completely and effectively using it since, on average, 7.32% of the work force was jobless in 2000. Additionally, between the ages of 15 and 29, almost one in eight of the teenage labour force defined as both those who are "working" and those who are "not working but available and willing to work" had no job on any given day. The percentage of educated young people without jobs was considerably greater (15%). Even more young people with technical education were unemployed- 24% in 2000. Even though the Indian economy saw 8% annual growth rates from 2003 to 2008, unemployment and underemployment have increased as well as a rising skills gap. Thus, immediate action is needed to:

1. Provide enough job possibilities on a large enough scale to end underemployment and unemployment;
2. Widen the educational and training system's audience so that more people than now can take use of it and contribute to development; and
3. Overhaul the educational and training framework to adapt it to the changing demands of the market. We won't be able to enjoy the demographic dividend until after that.

National Policy On Population

We have stressed the need of taking coordinated measures to minimise TFR and CBR as soon as feasible in order to slow population increase. On February 15, 2000, the NPP 2000 was introduced with this objective. To oversee the execution of NPP 2000, a National Population Commission has also been established, with the prime minister serving as its chairman. The immediate goal of NPP 2000 is to offer integrated service delivery for fundamental

reproductive and child health care while also addressing the "unmet" requirements for contraception, healthcare facilities, and staff. Mid-term goals include bringing TFR down to replacement levels by 2010 via aggressive inter-sectoral operational strategy execution. The long-term goal is population stability by the year 2045 at a level compatible with social progress, environmental conservation, and sustainable economic growth[9], [10]. A variety of motivating and promotional strategies are mentioned in the policy. The most crucial of them are:

1. Commend zilaparishads and panchayats for supporting the modest family norm;
2. The Pre-Natal Diagnostics Techniques Act of 1994 and the Child Marriage Restraint Act of 1976 are both strictly enforced;
3. Provide funding and lenient loans to help rural communities develop ambulance services;
4. Make the plan for abortion clinics stronger by creating clinics run by qualified medical staff;
5. Create programs for females' vocational training that would prepare them for self-employment; and
6. Encourage the establishment of revolving funds to stimulate the development of income-generating opportunities via the operations of SHGs at the village level.

The National Rural Health Mission, which was established a while ago, is a step in the direction suggested by NPP 2000. The TFR for the whole nation in 2002 was 3.0. The Eleventh Five Year Plan has already moved the medium-term objective for TFR from 2010 to 2012, which was established in NPP 2000. To fully realize the promise of the demographic dividend that is at our doorstep, urgent attention must also be paid.

CONCLUSION

India's population trends, telecommunications industry, and transportation infrastructure all play a part in the country's economic growth. While the road network continues to be an essential part of connectivity, it needs significant upkeep and investment to keep up with demand. Ports, which act as entry points for international commerce, offer unrealized potential, but upgrading requires overcoming administrative hurdles.India's economy has benefited greatly from the telecom sector's impressive expansion, but obstacles still exist in increasing internet availability and implementing efficient pricing and fiscal policies. India must put its attention on growing employment possibilities, education and training, and policy alignment with shifting market needs if it is to effectively capitalise on the demographic dividend.India is at a pivotal point in its development and has the potential for significant economic expansion. However, to fully realise this promise, extensive regulations and investments in telecommunications, infrastructure, and human resources are needed. India can continue on its road to become a world economic powerhouse by tackling these issues and possibilities.

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CHAPTER 12
ASSESSING INDIA'S STATISTICAL SYSTEM FOR INFORMED DEVELOPMENT: A COMPREHENSIVE OVERVIEW

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ABSTRACT:

The relevance of statistical data as a significant resource input for economic development is examined in this research, with a focus on India's existing statistical system. It looks at how the Indian constitution's federal structure has affected the statistics system and emphasises the necessity for precise and thorough data to enable informed decision-making throughout the development process. The main topics covered in this paper are population and vital statistics, agricultural output, industrial production, and price. It also covers how important statistical organisations like the National Sample Survey Organisation, the Central Statistical Organisation, and the Registrar General of India play a role in gathering and disseminating data. The document also emphasises the suggestions put out by the National Statistical Commission to enhance the quality and accessibility of statistical data in India. It emphasises the value of a strong statistical system in enabling evidence-based policymaking and promoting economic development in its conclusion.In India's statistics system is a useful tool that has to be updated and extended on a regular basis to suit the changing demands of a growing country. India can enable its policymakers, academics, and enterprises to promote equitable and sustainable economic development for the future by prioritising data integrity, accessibility, and relevance.

KEYWORDS:

Informed Development, Organisation, Statistical Data, Statistical System.

INTRODUCTION

We have been talking about the various sorts of resources needed for development up to this point. You would have Resources for Development recognised the need of quantification, measurement, and comparison across time and place when addressing these resources in order to have a meaningful grasp of the country's resource endowment. People in charge of making choices would be forced to make judgements based on educated guesses and perceptions in the absence of enough statistical data on factors important to the development process, which would result in the failure of policies and insufficient progress towards developmental goals. Thus, statistical information is a crucial resource input for economic growth. Therefore, let's take a look at India's current statistics system and determine if it is enough given our needs.

The National Satisfactory System

The federal design of the Indian constitution has largely influenced the statistical system of independent India. The Union, the States, and the Concurrent Lists are the three categories into which the Constitution distributes the administrative tasks between the Government of India and the State Governments. The many union ministries and departments are given responsibility for the topics on the Union list. The issues on the concurrent list are handled by

both the central and state governments, in contrast to those in the states list, which are assigned to specific departments of state governments. The department in question is often in charge of gathering data on any given topic. As a result, a number of union/state government organizations have fully functional statistical divisions or cells in their administrative structure. With the exception of national surveys, statistical data in such a system mostly comes from the states to the union administration. Therefore, the Indian statistical system is one that is constructed upwards: from the village to the block, from the blocks to the district, from the districts to the relevant state government department, and from there to the relevant union ministry/department. As a result, the national statistics system is made up of a number of state-level systems.

Early in the 1950s, the requisite institutional structures were established in an attempt to develop and enhance the national statistics system. These include organisations like the State Directorates of Economics and Statistics (SDES), the National Sample Survey Organisation (NSSO), and the Central Statistical Organisation (CSO). These organisations make up the crucial parts of India's national statistics system, together with the Registrar General's office, which was in charge of conducting decennial censuses even before independence[1], [2].

Gathering Information Ona Few Key Aspects ofthe Economy

The Indian statistics system gathers a tremendous quantity of information on several economic factors. Here, we shall limit our attention to information on the following four topics:

(i) Population and vital statistics,
(ii) Agricultural output,
(iii) Production of industrial items, and
(iv) Pricing.

Vital Records and Population

For the analysis of various elements of population, statistics on the population and its varied features and key events, such as births and deaths, are crucial. Data collection, processing, and analysis for each of these topics are handled by the Registrar General of India and Census Commissioner (RGI & CC). Every 10 years, RGI & CC performs a population census. A census is the comprehensive listing of every person in a group or community. The first population census was held in India in 1872, when the results of censuses taken at the time in various regions of the nation were combined. In 1881, the first comprehensive census was carried out simultaneously over the whole nation. Following then, population counts (sometimes known as the "census") have been conducted every 12 years. The census's purview has grown throughout time in response to the data requirements of development planning. The most recent census was in 2001, and the next one is scheduled for 2011. The first of March often serves as the census's reference date. A significant quantity of information is gathered during the census on the social, economic, demographic, cultural, and geographic characteristics of the people, the households, and the access these households have to the most basic services.

Vital statistics are produced as a result of the local authority's vital registration system, which registers births and deaths that take place in the neighbourhood. However, since not all births and deaths are recorded, the vital registration system's coverage is still insufficient. A programme called the Sample Registration System (SRS) was introduced in 1970 to address this deficiency and give statistically reliable estimates of births and deaths in the nation. The SRS continuously polls a sample of the population, collecting information that is useful for

predicting the population's size, distribution, and growth trends. A significant step towards assuring comprehensive coverage of the recording of important occurrences was the passage of the Compulsory recording of Births and Deaths Act, 1969. The reporting habit is becoming better, especially because birth and death certificates must now be produced for a variety of reasons, including adding names to ration cards, applying for jobs, enrolling in school, inheriting property, etc. The SRS offers statistics at the federal, state, and local levels as well as for areas within states. The National Family Health Surveys (NFHSs) database is an additional new source of vital statistics. The NFHSs offer data up to the state level with three of these surveys having been completed so far, covering the years 1992–1993, 1998–1998, and 2005–2006.

Production of Crops

Relevance of Crop Production Data

The importance of timely, accurate data on crop productivity cannot be overstated. Among these, these are crucial:

System of National Statistics

Planners and policy makers must work to implement them.effective agricultural growth and make choices on imports, exports, storage, public distribution, and associated issues. In the context of decentralised planning, such data would be required at fairly disaggregated levels, down to village panchayat levels. Since it takes time for production data to become available, the government must predict output. Such projections would also be required in order to make judgements concerning the price of agricultural goods, distribution, imports - when essential - and exports - when feasible - far in advance.For the collecting, compilation, and transmission of information on crop production and related topics, India has a well-established, decentralised system. It comprises of the Village Revenue Agency, the State Agricultural Statistics Authorities, and the Directorate of Economics and Statistics in the Ministry of Agriculture (DESMOA). The majority of the nation has permanent village reporting agencies, routinely updated land records, and cadastral survey maps (see Key Words).How is output assessed? Crop area and yield rate for each crop are separately assessed, and the result is an estimate of crop output[3], [4].

Calculations of Crop Area

93% of the country's land area has crop and land use data accessible; the other 7% is made up mostly of hilly regions in the North Eastern provinces and territories that Pakistan and China are occupying illegally. Three categories make up the reporting area:

i) For the first, cadastral surveys have been conducted in 17 states and 4 union territories, and area and land use information are included in the land records kept by the revenue agency. 86 percent of the reporting area is made up by this.

ii) The second group comprises of seven states with no village level tax agency and sample surveys used to gather agricultural and land use information. 9 percent of the reporting area is made up of this.

iii) The third category, which likewise lacks a reporting mechanism, consists of three states and three union territories. The remaining 5% of the reporting area is made up of this.

The Patwari, the village's lowest level official, counts every field in every village in category I territory throughout every cropping season, gathering information on land usage, irrigation,

and crop area (each field is assigned a survey number). Following that, the village crop statements (VCS) are created and delivered to the states, where they are subsequently sent to DESMOA. In category II regions, this procedure is restricted to a 20% random sampling of villages, whereas in category III areas, it is based on the subjective opinions of local chowkidars.

Yield Rates Approximations

These are based on a system of general crop estimating surveys (GCESs) and crop cutting trials. For this, successively 'random samples' of (i) villages, (ii) fields growing the desired crop from each selected village, and (iii) a random plot of size 5 × 5 metres from each sampled field are chosen.

The weight of the output from the crop cutting experiment in each chosen plot serves as the foundation for calculations of the yield rates for various crops. For the main food and non-food crops (food grains, sugarcane, fibres, etc.) that together account for 87% of the nation's agricultural output, DESMOA prepares advance estimates of crop area and crop production since GCESs and estimates of crop productivity require time. The yearly publication "agricultural statistics at a glance" (ASG) of DESMOA contains estimates of the annual output of the main crops, the gross area under various crops, and the yield per hectare of these crops. Additionally, this is accessible through the DESMOA website at www.dacnet.nic.in.

DISCUSSION

Manufacturing and repair facilities in the nation are divided into two categories for data collection: (i) registered facilities and (ii) unregistered facilities. Registered units are those that have been registered in accordance with a state or federal law, such as the Factories Act of 1948. The remaining units are handled as unregistered ones.

The Annual Survey of Industries (ASI) for the Registered Sector

The CSO's annual survey of industries (ASI) is used to gather information on production and other relevant factors in registered manufacturing and repair units. The provisions of the Collection of Statistics Act of 1953 govern ASI. The census sector and the sample sector are the two fundamental divisions into which all registered manufacturing and repair units in the "frame" are divided. In the former, units are surveyed using a full enumeration method, while in the later, units are surveyed using a sampling method.

The ASI gathers information on the following topics: fixed assets, working capital and loans, employment, inputs, output, goods and by-products made, costs and revenues, month-by-month breakdowns of man-days worked, absenteeism and labour turnover for regular employees, etc. The financial year that comes just before the survey year serves as the reference period. Records serve as the foundation for the data collected from the units.

The CSO and NSSO periodically conduct sample surveys to gather information on unregistered manufacturing units and businesses. These surveys are intended to gather particular information about employment, fixed assets, working capital, input, output, gross value added, and other topics. These are the follow-up enterprise surveys (FuS) that the CSO performed after its economic censuses (ECs). Data from a random sample of businesses are gathered by questioning respondents on the premises of the businesses (as the majority of these units don't keep any books of account) or from the business owner (or any other respondent) at his or her home[5], [6].

Small-scale industrial (SSI) units, third group

The SSI units are a component of the unregistered sector in that they are not covered by any Act's legislative provisions. The SSI units are, nevertheless, voluntarily registered with the state and union territory administrations' directorates of industries. Three SSI unit censuses have been undertaken so far, one in 1973–74, one in 1990–91, and one in 2002, using the reference years 1972, 1987–88, and 2001–02. The office of the Deputy Commissioner SSI (DCSSI) publishes the census reports independently. These censuses disseminate information for the SSIs on a nearly identical set of variables to the ASI reports. But unlike the yearly characteristic for the ASI reports, the publishing frequency of the SSI censuses is irregular.

IIP, or the Index of Industrial Production

Estimates of industrial production growth rates based on the index of industrial production (IIP) are often used for decision-making in the banking and business sectors as well as at all levels of government. The fact that IIP is the sole indicator produced monthly and widely publicisedadds to its significance. Two layers of compilation and publication go into the indices: By CSO at the national level, and 2) by SDESs for the state level.

Costs

Data on prices are produced and released as price indices, much like the index of industrial output. These are clear indications of how much money can really buy in different kinds of transactions involving products and services. They may therefore be used as deflators to change current value figures to a fixed base. The price indices are crucial instruments for the development and execution of the government's monetary and fiscal policies. When making economic judgements in the private sector, they are also very helpful. Departments and agencies of the federal and state governments routinely gather price information. Three organizations the labour bureau (LB) in the ministry of labour, the office of the economic advisor (OAE) in the ministry of industry, and the CSO in MOSPI are in charge of compilation and dissemination. two different types of price indices, i.e. Both the wholesale price index (WPI) and the consumer price index (CPI) statistics are routinely released. The first group, the CPIs, are divided into four categories. Which are:

Consumer Price Index (CPI) numbers

Four consumer price indices (CPI) are used nationally because various segments of the population are affected by price increases differently: CPI (IW) for industrial workers, CPI (AL) for agricultural labourers, CPI (RL) for rural labourers, and CPI (UNME) for urban non-manual employees. The first three are published by the Labour Bureau (LB), Simla (H.P.), and the fourth by the CSO.

CPI for Industrial Workers

The CPI (IW) series includes manual employees who are working in factories, mines, plantations, railroads, public motor transport enterprises, energy production and distribution institutions, ports, and docks regardless of their income level. It is a crucial indicator of the country's retail pricing situation since it tracks the temporal variations in the retail prices of a set basket of products and services used by the typical working-class household. It is primarily used to calculate the dearness allowance (DA), which is granted to employees of the federal government, state governments, and private industry to adjust salaries set by the Minimum salaries Act of 1948.

The center-specific weighting diagram, retail pricing data, and dwelling rent data are the three crucial steps in the index's production. A working class family income and expenditure survey was done in a few key locations around the nation, and the results were used to create the weighted diagram, which consists of a basket of products. Retail prices are gathered on a weekly, monthly, and half-yearly basis from a chosen group of markets and stores, while data on housing rent is gathered via a survey conducted every six months. The weighted average of these center-specific indices, known as the all-India index, is thus calculated using the proportions of the various centres in the predicted total consumer spending. These are uploaded on the website of the Ministry of Labour as well as published in the Indian Labour Journal of the Labour Bureau. These are also included in the CSO's Monthly Abstract of Statistics publication[7], [8].

CPI (AL/RL): CPI for Agricultural and Rural Labourers

If a person engages in one or more of the agricultural vocations as a worker on hire, such individual is regarded as an agricultural labourer. Such a person may get payment in cash, kind, or a combination of both. A person who does physical labour in rural regions for agricultural or non-agricultural employers in exchange for payment in cash or in-kind is referred to as a rural worker.Based on the consumer spending information gathered in the NSSO's Consumer Expenditure Surveys, weights for the CPI (AL) and CPI (RL) were created. These indexes were created using monthly pricing information gathered from 600 towns distributed across 20 states. One-fourth of the sample, which consists of 600 villages, is covered each week throughout the course of four weeks in a month. On a set price collection day, fees are collected. The two CPI (AL/RL) indices, like the CPI (IW), are also published in the Indian Labour Journal and the Monthly Abstract of Statistics in addition to being available online.

CPI (UNME), the CPI for Urban Non-Manual Employees

A person who earns at least 50% of their income from gainful employment doing non-manual tasks in the urban non-agricultural sector is referred to as an urban non-manual employee. The retail prices for chosen goods are gathered on a monthly basis from several places around the nation and used to generate this index. The CSO publishes the index in the Monthly Abstract of Statistics of the CSO after a delay of around two weeks. Additionally, the Reserve Bank of India's RBI-Bulletin publishes it.

Wholesale Price Index

The National WPI

The increase (or decrease) in input prices and output costs is gauged by the wholesale pricing index (WPI). The Office of Economic Adviser (OEA), Ministry of Industry, compiles the WPI series (with base year 1993-94) on a weekly basis based on the price quotes gathered for specified categories and commodities. To maintain it reflective of the goods offered, the basket of products is updated.

WPI are also included in the Ministry of Industry's Handbook of Industrial Policy & Statistics, Monthly Abstract of Statistics, and RBI Bulletin. There are several more areas on which the Indian statistical system collects and publishes data, in addition to the four chosen ones (viz. population and vital statistics, agricultural area and output, industrial production and pricing) listed above. Although they are maintained outside the scope of the current unit or section, employment statistics in particular is a crucial topic for students of economics to be aware of. The readers are directed to Unit 25 on Labour and Employment of this course

for a conceptual and measurement description of this crucial component. Numerous bodies, including the Census, NSSO, DGE&T (Directorate of Employment & Training, MoL, GoI), CSO, LB, etc., provide statistics on employment.

State Level WPIs

Aside from the WPIs at the federal level, many states and union territories gather pricing information and create CPIs/WPIs for other types of commodities, such as manufactured goods and agricultural commodities. The State Statistical Abstracts include these indicators.

Statistical Commission, National

The release of data on the chosen economic factors listed above demonstrates the variety of methods used to generate data, including censuses, (random) sample surveys, periodic statutory returns to designated authorities, and administrative byproducts. Despite these efforts, which have helped create one of the strongest statistical systems in the world, there are still a lot of data gaps and a need for data on many new and growing sectors for planners and other users.

As a result, the government established the National Statistical Commission (NSC) in January 2000, with Dr. C. Rangarajan serving as its chairman. The panel was tasked with analysing the shortcomings of the current statistics system in terms of timeliness, dependability, and sufficiency and making recommendations for solutions.

The NSC noted that the Indian statistics system needed to increase its reliability and timeliness in its report presented in 2001, and it proposed a five-fold strategy as follows: the improvement of the data collecting system, the identification of new data that is required, the identification of acceptable procedures for producing new data on above, and the exploration of alternative approaches where necessary. Several of the commission's crucial recommendations are as follows:

1. The National Commission on Statistics (NCS), a permanent and statutory apex body independent of the government in respect to policy-making, coordination, and maintaining quality standards of Core Statistics] should be established with the necessary legislation.
2. The permanent NCS should decide which components of official statistics are core or essential to the economy's operation.

The core statistics will have the following features:

(i) They will cover areas of national importance like agriculture, industry, labour and employment, finance, socioeconomic sector, and demography;
(ii) They will be required to be collected and disseminated by governments at all levels;
(iii) They will adhere to the NCS's prescribed definitions, concepts, and standards;
(iv) They will be updated on a regular basis with a predetermined periodicity; and
(v) They will be available

The establishment of an administrative apparatus inside the government to carry out and maintain the policies developed by the proposed NCS. The National Statistical Organisation (NSO), formerly the Statistics Wing of MOSPI, should be reorganised into a full-fledged ministry department. The National Statistician will serve as the NSO's director. The Central Statistical Office, the National Sample Survey Office, the Data Storage and Dissemination Office, and the Consultancy Wing will make up the NSO's three offices and one wing.

MOSPI cannot now effectively cooperate with other central ministries or departments in terms of statistics via any institutional framework. To address this issue, the heads of central ministries' and departments' statistical divisions should be given the title of "Statistical Advisers" and given dual responsibilities: advising the ministry or department in question on statistical issues; and coordinating with the National Statistician regarding the upkeep of quality standards as established by the NCS.It is recommended that new statistics divisions be established in a number of major ministries and agencies, including the Ministry of Environment and Forests, the Department of Women and Child Development, and the Insurance Regulatory and Development Authority. The CBHI, which is now a component of the Directorate General of Health Services (DGHS), should be upgraded as the Directorate of Health Statistics (DHS), and other existing divisions in other organizations should be enhanced.

The SDES shall be given technical coordination authority with regard to the content, methodology, and distribution of statistics with all state government agencies. With their expanded responsibilities, the SDES should host more technical discussions to assist the state governments in adopting a comprehensive perspective on the state statistics system, therefore enhancing its usefulness to the state governments.

The Collection of Statistics Act, 1953 is a lax law, providing little legal support for the Indian statistics system. The privacy rights of the informants should be respected as part of the enactment of a robust law that is consistent with the nation's federal framework. Information technology's potential for processing, transmitting, and disseminating data should be fully realised. Through one or more Internet Service Providers or through a virtual private network, strong communication ties should be created between the NSO and all other associated statistics offices, both at the federal level and at the state level.

To aid in local level development initiatives, a mechanism for their compilation and aggregation should be devised along with a minimum set of variables and indicators on which data will be gathered at the village level. The community block should be the initial level of aggregate, and the variables and indicators needed for aggregation at the district, state, and national levels should also be established. Important statistical data availability gaps should be filled, particularly in recently developing domains of governance. Two instances that come to mind are the regular identification and cataloguing of new activities that appear in the services sector, and the creation of an appropriate methodology to calculate the contribution of new industries like software exports, e-commerce, the entertainment sector, etc. in terms of factors like employment, gross value added, etc.The NSC's recommendations are implemented.The federal and state governments have started putting the NSC's recommendations into practise. The two examples below are provided in this respect as examples[9], [10].

1. In 2006, the National Statistics Council (NSC) recommended the makeup and duties of a National Commission on Statistics (NCS). The commission has started looking at particular data fields, such as price indices, definitions and ideas of employment, a minimal set of data required for local level planning, etc., for improvements in their quality and breadth. The issue of empowering the state directorates of statistics and economics (SDES) has also been raised.
2. The ministries have also implemented the commission's recommendations. For instance, estimates of agricultural crop area forecasts and final area estimates have been widened to arrive at crop yield rates at the gramme panchayat level in response to NSC's recommendation to improve the estimates in core sectors by improved methodology and at higher levels of disaggregation. Similar attempts have been

made to create a new "service price index" for a number of significant service industries, including telecommunications, ports, insurance, banking, trade services, and rail and air transportation.

Essential Statistical Agencies in India and Their Functions

The duties of the office of the Registrar General of India (RGI), which is in charge of carrying out the nation's decennial population counts. Here, we'll learn about the crucial duties performed by the CSO and the NSSO, two additional significant statistical organisations in the nation.

Organisation for Central Statistics (CSO)

Broadly speaking, the key tasks carried out by CSO since its establishment in 1951 are as follows:

Coordination of the statistical activities in the country, laying down 86 and maintaining norms and standards, providing liaison with central, state and international statistical agencies; ii) dissemination of information on the structure and activities of the official statistical system to the public, especially data users; iii) shouldering the responsibility for preparation of national accounts, promotion of regional accounts at state and district levels, generation of industrial statistics, conduct of economic censuses (ECs), follow- up surveys (FuSs) of ECs, family income and expenditure surveys, development of statistics on prices, human development, energy and the environment, dissemination of statistics on socio-economic aspects of life, etc.; and iv) organisation of annual ‘conference of central and state statistical organisations’ (COCSSO) to deliberate matters relating to the development of statistical data on aspects of socio-economic life of the country focussing in particular on the technical and developmental issues.

The National Accounts Statistics (NAS) is the CSO's most significant publication. It is a yearly publication that is also known as the "white paper" and contains the country's estimated national income. Estimates of NI and capital creation at the 1-digit and 2-digit disaggregated NIC (National Industrial Classification) levels are included in the paper. Based on their compilation for the NAS, CSO releases the yearly economic growth rates for the economy as a whole and at the sectoral level. [IGNOU offers a comprehensive BDP level economics course on National Income Statistics, EEC 10], which may be mentioned in passing. The Statistical Abstract (an yearly publication) and the Monthly Abstract of Statistics are two more significant CSO publications in addition to the NAS. The Economic Censuses, which CSO has been conducting since 1980, are another key source of information on the unregistered small businesses in the nation. Visit the MOSPI (Ministry of Statistics and Programme Implementation) website to learn more about the CSO divisions and functions.

CONCLUSION

A robust statistics system is the foundation of well-informed policymaking and long-term economic development. The statistics system in India has been clarified in this paper, which also highlights the vital function it plays in supplying data on a range of topics, from population demographics to agricultural and industrial productivity. India has improved its statistics infrastructure, but there are still problems and information gaps that need to be filled.The National Statistical Commission's proposals, which include creating a National Commission on Statistics (NCS) and enhancing data gathering techniques, provide a road map for further improving the statistical system. To guarantee the provision of timely,

accurate, and complete data, the government must execute these suggestions.India must use the potential of information technology to improve data collecting, processing, and dissemination in an age of quick technical breakthroughs and changing economic environments. This will help the nation adapt to new industries and sectors while also promoting evidence-based decision-making.

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