Socio Economic Development of India through Government Policies

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Abstract

This paper studies India's The architect of this plan was Jawaharlal Nehru, whose record as prime minister – especially economic – intellectuals associated with this government have trashed relentlessly. Now, over half a century after his death, the fulcrum of his vision for India has been ceremoniously brought back with nary an acknowledgement. However, while we know that the 1950s were literally path-breaking, we also know that the performance of India's economy has for far too long left much to be desired. This is apparent when we look to our east, where all countries have surged ahead of us, raising national income and spreading it widely. We also know exactly how this has been achieved. Even as they had accumulated physical capital, our East Asian counterparts developed their human resources. The question staring at us is why a society with a highly educated elite in power failed to observe this as development played out over decades.

Key words: Atmanirbhar Bharat, economy, Strategy, model, capital, growth

Introduction

Gandhi was able to identify the immediate consequence of adopting imported ideas without assessing their intrinsic worth, leave alone their suitability to India. An area in which India has had to pay a high price for following this practice is the economy. It conclusively disposes of the stance that nothing really changed in India after 1947, a view once held at both ends of the political spectrum but now the preserve of the right-wing. The same procedure also reveals that growth did not accelerate after the Modi government has come to power.

Objective:

This paper intends to explore **Atmanirbhar Bharat** and vision of $5-trillion economy, in bringing about soci-ecomoc change to very section of society

The policy hyper-activism

This government is in compete contrast to the policy paralysis of the UPA-2. The outcome is a crowded policy landscape with multiplicity of financial inclusion programmes, and campaigns and projects including Skill India, Make in India, Start-up India, Digital India, Clean India, and so on and so forth. But what are the impacts or the final outcomes of these initiatives on the economy?

While examining the key macro indicators, one thing is clear that not only have these initiatives failed to catapult the economy to a high growth trajectory, but also could not help the economy escape the downturn. In January 2016, when the government revised GDP estimates downwards to 5% (lowest since 2009) for the year 2016-20 from 6.8%, RBI called it a cyclical slowdown rather than a structural one.

However, the secular trends depicted in the accompanying charts narrate a different story. None of the growth indicators show an upward trend. Indeed, under the Make in India initiative, India has moved to the 63rd place among 190 countries, according to the World Bank's Ease of Doing Business 2016 report. Yet it could not be translated into increased gross capital formation as percentage of GDP or share of private investment in capital formation. The fact of the matter is that the unprecedented growth episode of 2003-04 to 2007-08 was an outcome of the global boom which India managed to leverage riding on the wave of IT outsourcing. Subsequently, the domestic stimulus pushed the economy upwards in 2010 and 2011, but the effects of these cyclical factors are not sustainable because the structural deficiencies keep pulling the economy down.

A recent study by Goldar et al published in the Indian Economic Review based on India KLEMS Dataset shows acceleration in total factor productivity (TFP) growth to 1.8% per year over a decade-long period of 2003-14 and attributes it to acceleration in the rate of TFP growth achieved by manufacturing, services and agriculture sectors, in that order. These achievements should have been reflected in improved capital formation, industrial production and/or export performance. However, the secular monthly growth trends in industrial production and the share of manufactures in total merchandise exports do not quite conform to the findings.

It is high time the government adopted a well-informed policy approach based on a well-crafted strategic framework rather than populist leadership slogans. The strategic framework should involve not only a vision, but also objectives, targets and strategic approach underpinned by strategic tools, time frames, and implementation and monitoring and evaluation strategies. In my view, the only route to a $5-trillion economy or balanced growth across sectors and regions or even self-reliant India is through competitiveness and innovativeness. We need to identify our manifested and latent competitive strengths, set our priorities and identify the tools with a focus on competitiveness. The Southeast Asian countries, for instance, have adopted a high-density agglomeration approach to target Industry 4.0 through export-oriented industrialisation, which they are prepared to leverage to grab most US FDI diverted from China. Further, the programmes, projects and campaigns should be critically assessed and evaluated on the basis of factual evidence and reliable statistical data which is made accessible to the general public. However, monitoring and evaluation is worthwhile only to the extent it is actually used by decision-makers for follow-up actions. To ensure this, monitoring and updating the status of evaluation follow-up actions must be mandated.

Conclusion

Dispute settlement mechanism included in the ordinances will certainly help in encouraging interstate trading and contract farming. The fact that the three ordinances are promulgated together signals the right intent for reforms and is indeed reassuring. Unfortunately, in the current form, the reform measures are inadequate to improve the prospects of smallholder farmers as the basic issues remain unresolved. They do not address the poor capability and lack of endowments of smallholder farmers which are at the root of the market participation constraints. Instead, the reforms rest on the implicit assumption that all categories of farmers will be able to take advantage of the new “free” opportunities. The evidences before us clearly show that even with regulations in place, smallholders largely operate in a “deregulated” environment.

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