An Assessment of the Indian Economic Scenario

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Abstract: ***India has been increasingly seen as an engine for future world growth. This is an excellent reason to look at India's economic prospects during the last decade. The Indian economy is the fastest growing and largest economy and is projected to expand quicker in the future years. But India's economy seems to have slowed considerably during 2018-19. The closest reasons for this slowdown are increasing private spending, a moderate rise in fixed investment, and fairly significant exports. On the supply side, the task is to reverse the decrease of growth in the agriculture sector and to sustain industrial development. On the external front, the current account deficit will probably decrease as a ratio to GDP in 2018-19, decreasing the leakage in economic growth. Monetary policy has tried to fuel growth by reducing repo rates and easing bank liquidity. In 2018-19, low inflation allowed this monetary easing to take place, but it began to increase in the final few months of the year. Growth has recovered, inflation has slowed, and budget and trade deficits have decreased. The Government of India has also implemented programmes and reforms to promote investment, increase productivity and guarantee budgetary sustainability. However, India's high long-term development potential, driven by demography, urbanisation and productivity-enhancing reforms, shows that additional trade growth between Australia and India will take place in the future years.***

Keywords: Economic, GDP, Indian Economy, Inflation, Manufacturing.

1. INTRODUCTION

The current decade will be full with major changes that will create both difficulties and possibilities for us. The forecasts for this decade would allow us to prepare and seize opportunities for future threats. Over the current decade, global developments would face challenges in addressing growing energy requirements in an economical, reliable and climate-consistent manner. In the current decade, stresses on natural capital will worsen. Creativity demand and environmental concerns need to be enhanced. The approach should rely on technologies which meet rising demands for economical, healthy and environmentally sound energy and decrease dependency on natural resources. The Indian economy was in peril at the edge of the nation's independence. The state accountable for the advances in agriculture and industry did not even play a small role in that regard. On the other hand, the globe saw continuous development and expansion in agriculture and industry during the half century preceding India's independence, at the request of the states taking on an active role. Average yearly GDP growth has been 6 to 7 percent since the beginning of the 21st century and from 2014 to 2018 India was the world's fastest-developing economy, overtaking China. Historically, India was one of the largest economies in the world for much of the two centuries, from the 1st to the 19th century. The new research Demand for the Future in the fast-growing Indian consumer market at the World Economy Forum (WEF) shows that India's market size would increase by a roaring $6 TN in the next years [1].

India boasts the world's greatest retail density, with 12 million small businesses serving to 209 million homes. India offers a high potential market with a 15-20% increase in retail over the next five years. However, a substantial 60 percent ($24.2 billion) drop in FDI was observed in 2010 compared with 2009. It seemed to be primarily due of the unorganised majority of rural Indian and small town retail marketplaces. The Indian retail industry is extremely broken and weighted towards unorganised merchants, 93% and organised retailers just 7%, but is projected to expand rapidly and reach 20% by 2020. by 2020. (Kearney Report, 2011). India is fifth after Brazil, Chile, China and Uruguay, according to A.T. Kearney Global Retail Development Index (GRDI) 2012. India is seen as a high potential market with an accelerated market growth of 15% to 20% anticipated in the next 5 years, backed by 6% to 7% GDP growth, which will boost disposable income significantly and increasing urbanisation. The changing FDI climate has created an interesting international dynamic entry and expansion plan for retailers in India.

Unorganized retail works in tiny and low-cost format. These include the local kirana shops, owner-managed general stores, paan shops, local mom's and pop businesses, hand cart, and sidewalk sellers, etc. There has been considerable growth over the last 10 years from tiny unorganised family retail models to

organised retailing. The Bharti-Wal-Mart partnership, which has joined forces with state governments to open centres for training and development in Amritsar, Delhi and Bangalore, in preparation for local youth for retail jobs, has already seen this effect of branded retail. In November 2011 the Central government of India announced retail reforms both for Multi-brand stores and individual brand stores, but this suggests it could finally be allowed to set up in India to change global market chain stores such as Wal-Mart (US), Carrefour (France), Marks & Spenser (UK), and Shoprite (South Africa). The organised retail sector comprises licenced retailers, i.e. sales tax, income tax etc. It also includes hypermarkets and retail chains supported by companies and private retail companies [2].

1.1 Indian Retail FDI Trends:

FDI policy has a significant influence in developing nations' economic development worldwide. The Indian government has considered opening the retail company to FDI. Many other sectors were exposed to FDI, and political parties had to wait a long time for the retail sector's due resistance including the Trinamool Congress ally, UPA II and other trading organisations. FDI is going to be a strong driver for retail sector development. In 1995 the World Trade Organization (WTO) general agreement on trade in services opened up FDI for wholesale and retail services. In 1997, the government approved FDI cash and carry (wholesale) with 100 percent rights. Since 2006, the retail industry was more dynamic as India's government liberalised FDI rules. The FDI policy in cash and carriage (wholesale) was implemented automatically and 51 percent of investment in the single brand was allowed. On 24 November 2011, the Government of India stated that, subject to a number of restrictions, it had authorised FDI in multi-brand retail [3].

FDI is authorised for up to 51% of foreign stock subject to public approval in multi-brand retails. An initial investment of a foreign company must be at least $100 million and at least 50% of it must be made into back-end infrastructure such as operations in the supply chain. Investors will have to provide 30 percent of their "small and tiny" businesses with capital investment of no more than $1.0 million. Foreign direct investment in retail stores operating in cities with populations exceeding 1 million is only permitted.

1.2 FDI Policy Prospects:

Both international merchants and Indian businesses will profit from the new approach. Foreign merchants will acquire greater understanding of local markets and therefore an expanded customer base, while Indian businesses would benefit from top global management practises and technical know-how. The main objective of the policy is to attract higher FDI inflows and create a friendly business environment. A liberalised legal and financial environment may be used by foreign investors to have the potential for development for the multi-brand retail industry. Researchers submitted that FDI would promote technical progress and capital flow, which improves production opportunities and preserves overall macroeconomic stability. FDI policy in multi-brand retail is an important reform for rekindling the Indian economy which will alleviate supply side pressures and mitigate inflation. This would provide small and medium-sized businesses better prospects and larger profit margins by providing more market access [4].

The Government of India is considering security measures to calibrate FDI in the multi-brand retail industry in view of the rivalry among local retailers and the domestic monopolisation by international big retailers. Security measures like a fixed proportion of FDIs in the sector must be spent on building back-end infrastructure, logistics or agricultural units to ensure a valid contribution from foreign investors to infrastructure and logistics development. The government guarantees that at least 50% of retail employment be allocated for rural young people and that specified quantities of agricultural products should be obtained from impoverished farmers. A minimum percentage of the manufactured products must come from the Indian small and medium-sized enterprise sector. The government has retained the authority to purchase certain food grain to guarantee a non-weakening of the Indian food security and public distribution system. An exclusive regulatory framework is developed to safeguard the interest of small retailers and large retailers do not use predatory pricing or monopoly trends.

1.3 The Indian Economy:

The Indian economy's long-term growth outlook is still positive because of its recent population and the resulting low dependency ratio, sound savings and expenditure rates and increased penetration in the global economy. In 2017 the economy stagnated owing to the shocks of 'demonetization' in 2016 and the implementation of goods and services levies in 2017. About 60 percent of India's GDP is generated by domestic private demand, the sixth biggest consumer sector in the world. Indian GDP, in addition to

private consumption, is also influenced by government spending, production and exports. India was the tenth largest importer and the 19th largest exporter in the world in 2018. Since 1 January 1995, India has been a member of the World Trade Organization. It scores 63rd in the Company Index Facility and 68th in the Global Competitiveness Survey. The Indian workforce with 520 million jobs is the second highest in the world by 2019. Since India has a large informal economy, income tax is paid by only 2% of Indians. In 2008, India introduced stimulus initiatives (fiscal and monetary) in order to fuel growth and stimulate demand; economic growth resumed in subsequent years. According to PricewaterhouseCoopers (PwC) 2017 report, the purchasing power parity of India's GDP could exceed that of the United States by 2050. Emerging and developing Asia: Asia Gross Domestic Product (GDP) from 2014 to 2024 (In billion U.S. Dollars). According to the World Bank, India needs focus on public sector reform, infrastructure, agricultural and rural development, removal of land and work restrictions, financial inclusion, encouraging private investment and exports, education and public health to achieve sustainable economic growth [5].

In 2020, Asia's GDP will surpass the remaining global GDP. By 2030, about 60 percent of the world's expansion is expected in the region. Asia-Pacific is currently responsible for the overwhelming majority (90%) of the 2,4 billion new middle class people joining the global economy. Emerging economies in China, India and across Southeast Asia will generate a variety of new industries, tactics and choices by non-governmental organisations, most of which will develop. While these forecasts show a large expansion of demand, the truth is that trends in expenditures will change across markets, with growth rates depending on local demographics and other macro factors. For example, as stated in the Future of Demand Report of the World Economic Forum on Fast-Growth Consumer Markets, China's population ageing will be negative in terms of population dividends but fuel consumption will be boosted by increased income, urban mobility, service employment and the projected decrease in household saving rates. The huge millennial dividend of India and the emerging middle class will fuel demand and sustain economic development [6].

1.4 Indian Economy's Best Performing Sectors:

The introduction of the New Economic Strategy in 1991 brought about a major change in Indian economics, ending the mixed economy model, licencing the Raj system and opening up the Indian market to the world. Below is a list of the leading industries in the Indian economy.

1.4.1 Sector of Agriculture:

Agriculture is one of the Indian economy's most important sectors. The nation's GDP share has decreased and is now 14 percent. More than 50% of the world's population remains dependent on agriculture. With this in mind, the Union budget 2017-18 gave the agricultural sector significant priority and aimed at doubling farmers' incomes by 2022.

I. Payments from the federal farm are at an all-time high.
II. Furthermore, crop patterns such as sugar cane and rubber have shifted to cash crops.
III. Implementation of agricultural cooperative practises like e-choupal, etc.
IV. Agricultural property is used for industrial and economic use, thus straining remaining fertile land.
V. Many export markets for agricultural products have been opened up.
VI. Foreign food production has emerged as the "Sunrise Market."

1.4.2 Sector of Industry:

The manufacturing market is another significant component of the Indian economy. In the nation, reforms like the abolition of 'Permit Raj' and market openness were welcomed with tremendous enthusiasm and optimism. As a result of these reforms, the economic industrial potential has improved since 1991.

I. Co-production expansion from iron and steel standard to jute and cars.
II. Production, promotion and distribution management.
III. Towards Reduced-Red Tapestry.
IV. Promotion of domestic and FDI private investment.
V. Transfer of knowledge and R&D benefits for the sake of the economy.
VI. The introduction of enterprise forms such as joint ventures, public-private partnerships, MNCs.
VII. Further Market players are able to join new markets that have traditionally been monopolised by the government.

1.4.3 Sector Services:

The services industry was the sector most supported by the current economic policies. There has been double-digit growth in the outsourcing of accounting, insurance, company operations and, most notably, IT services.

I. Indian IT companies, such as Infosys, WIPRO and TCS, have made a worldwide mark.
II. The service sector pays for every 60 percent of the GDP contribution.
III. India has emerged as the world's IT centre, with its enormous demographic dividend potential.
IV. In this industry, new career opportunities are being created.
V. Opening up the transport, leisure and medical sectors helped improve the skills of the service sector.
VI. The RBI has moved from a boss to a facilitator.
VII. The class range of financial activity.
VIII. Increased penetration of assets such as insurance, banking, exchanges of capital, etc.
IX. Forex reserves significantly boosted.

1.4.4 Processing of Food:

Food processing is a high-crowd, lucrative industry that has emerged and is one of the focal areas of the "Make in India" initiative. Because of the wide availability of raw materials, resources, favourable policies and various incentives, India has become the industry's most attractive market. India has a population of 1.3 billion and an average age of 29 and has a broad client base as well as a steadily increasing middle-class population that spends a high proportion of its available income on food. Total food and beverage consumption in India is projected to increase from $369 billion to $1,14 TN in 2025. At the same time, demand from the food processing industry is projected to increase to $958 billion at current prices. India is the world's second-largest food grain producer, China alone. This sector in India has enormous potential due to accelerated urbanisation, income levels and high preference for packaged and processed food. See the list of sectors for more information on the food processing sector [7].

1.4.5 Sector of Manufacturing:

After the service sector the manufacturing sector is the second largest contributor to India's GDP. Various government initiatives, including Make in India, MUDRA, Sagarmala, Start-up India and Freight Corridors, will enhance production sector participation in the near future. However, if India were to increase its GDP revenue share to around 25%, the industry would have to significantly raise its R&D expenditure. The value added amount must be increased at all prices and a competitive remuneration must be available to encourage people to enter the manufacturing sector [8].

1.5 Latest Developments in India's Economy:

In addition to these inventions and changes, it must be borne in mind that the best cooperation between the central and state governments is necessary to unlock the greatest potential of the economy and ensure good governance. This would not only boost our federal cooperative system, but also the economy of India. The most recent programmes introduced to date are:

I. Tax on goods and services (GST)
II. Code of Insolvency and Insolvency (IBC)
III. India Start-up
IV. India's Digital

These included the Indian economy, which saw the World Bank's easy business survey jump to 65 ranks (in the last four years). These policies have cemented India's reputation in a dumb global economy as one of the only highlights elsewhere. India, driven by a healthy macro-economy with slowing inflation and improving fiscal and external balance, is one of the world's fastest growing economies. Not only that, it was also a random economy that introduced major 'structural reforms' that put India on the international market as a global player [9], [10].

2. DISCUSSION

The Indian economy is said to be rapidly growing and to be a hot spot among other emerging markets worldwide. India has many strengths in the global environment from a broader population of youth, growing middle class people, increased literacy and technical knowledge amongst the workforce, which would favourably address any proactive change in its current structure. In addition, demonetisation, together with Digital India and Jan Dhan Yojana, aims to strengthen transparency in money transactions

through curbing black money, corruption and financial crimes. According to data from the CSO, growth in many industries for the financial year ending 2017 showed a decrease in trends from 7.6 to 7.1 per cent just before the quarter when the exercise to demonetize was launched. Moreover, several economists saw a good two per cent of GDP as the current and ongoing attempt to flush out black money.

When you look at different data from the leading financial dailies, the consensus among many economists is that while the economy would be slow for a quarter or two, most seem to agree that growth really would rebound and the Indian economy would recover its momentum with renewed energy, as a result of higher tax revenue. It is a fact that, according to some economists' recent estimates, almost 90% of the total cash circulating has returned to the banking system; thus, the stated aim of the exercising of demonetization was to "extinct" black money and to enable the RBI to decrease its liabilities, thus offering the government an enormous dividend.

Moreover, there are some who argue now that the Indian banking system is now "influshed with cash" that has enabled the government to "cushion" the RBI into cutting rates and allowing banks to benefit consumers with ample liquidity by reducing loans. On the contrary, with the collection of more taxes due to higher deposits in taxable banks and to increased adherence by the Department of Income Tax scrutiny and supervision, government too may be tempted to announce lower tax rates and other aspects of so-called fiscal measures. In this context, it should be remembered that fiscal stimulus that can be complemented and complemented by lowering taxes and more incentives for consumers and producers by boosting supplies can be supplemented by currency stimulus, which increases the demand for goods and services by lowering lending rates and putting more money in consumer's hands.

It is ensured that the exercise of demonetization dramatically affects corrupt practises and people who keep black money in cash cannot exchange as much as they would, in fear of prosecution. Furthermore, it would be impossible for the enemies of the country involved in counterfeit currencies and terrorism to continue. Under CRISIL, the government's tax revenue collections, its ability to spend on infrastructure investments and the resulting effect on growth will have a direct and positive effect. As government investment increases and GDP will have a positive impact in the long term. Increased income tax collection from better compliance would provide an opportunity for a long-term reduction in tax rates, thereby increasing disposable income. This can have a positive long-term effect on demand for consumption. Initially, creating cashless society is very difficult because more than 50 per cent of the Indian population is not well versed in card transactions. In these first months, too, it will be very difficult to make a higher amount of cash transactions. The demonetization liquidity squeeze will be negative across sectors with high cash transactions. In the short term instability will arise in the fields of real estate, jewellery, retailer, restaurants, logistics, sustainable consumers and luxury brands, cements and several segments of retail/SME lending.

3. CONCLUSION

This study of the economic performance and policies of India is essential for a rapid evaluation of prospects. The past record reflects an economy that in many respects has gained momentum and institutional maturity. It definitely emerged from the stagnant growth trend that remained visible until the mid-1970s to a much better output, particularly in recent years. Nowadays, a growth rate of 5 percent is certainly sustainable and can also be increased in future if we successfully use the large 12 untapped capacity generated by past economic investment. With current investment rates or incremental changes, the potential is significant, in agriculture and industry, to reap such benefits. The policy steps in the manufacturing sector would contribute to this result. The combined outcome of a modest economic acceleration and a steady decline in population growth would bring the economy much higher than before to per capita revenue growth. Combining economic change and reversing negative trade shocks have enabled the Indian economy to recognise its strong growth capacity, supported by increasing workforce and rapid labour productivity growth.

The government's economic reform programme has enabled corporate moral revival and stronger investment growth, aimed at promoting development and expansion of the manufacturing sector. The Indian economy is therefore now stronger than it did a few years ago, given the recent increase in the depreciation of rupees. While domestic economic circumstances have improved, India's imports and exports to India have helped boost both commodities and services. In the future, such forms of bilateral trade could restrict the growth potential of domestic politics in India. The future growth prospects and current commercial partnerships in areas like education and agricultural products suggest, nevertheless, that in the coming years India will benefit from an expansion in trade in goods and services.

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