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AUTONOMOUS COLLEGE PERMANENTLY AFFILIATED TO UNIVERSITY OF MUMBAI

NAAC Accredited Grade 'A' (3rd Cycle) & ISO 9001: 2015 (Certified)

PROJECT REPORT ON:

A STUDY ON CHANGES IN INDIAN ECONOMY AND ITS IMPACT

University of Mumbai

BY

MAYURI SHRIRAM KHADILKAR

T.Y. ACCOUNTING AND FINANCE (SEMESTER 6)

UNDER THE GUIDANCE OF:

MR. SADIQ HASAN

ACADEMIC YEAR: 2019-2020

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DECLARATION

I **MAYURI SHRIRAM KHADILKAR** FROM THAKUR COLLEGE OF SCIENCE AND COMMERCE STUDENT OF T.Y.BAF (ACCOUNTING AND FINANCE) SEM 6 HEREBY SUBMIT MY PROJECT ON

"A STUDY ON CHANGES IN INDIAN ECONOMY AND ITS IMPACT"

I ALSO DECLARE THAT THIS PROJECT WHICH IS A PARTIAL FULLFILLMENT FOR THE DEGREE **T.Y. BCOM (ACCOUNTING AND FINANCE)** OFFERED **BY UNIVERSITY OF MUMBAI** IS THE RESULT OF MY OWN EFFORTS WITH THE HELP OF EXPERTS.

MAYURI SHRIRAM KHADILKAR

Certified By

Name and Signature of Guiding Teacher

SADIQ HASAN

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CERTIFICATE

THIS IS TO CERTIFY THE PROJECT ENTITLED IS SUCCESFULLY DONE BY **MAYURI SHRIRAM KHADILKAR** DURING THE THIRD YEAR SIXTH SEMESTER FROM **THAKUR COLLEGE OF SCIENCE AND COMMERCE** KANDIVALI (EAST) MUMBAI: 400101

COORDINATOR PROJECT GUIDE PRINCIPAL

INTERNAL EXAMINER

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PLAGIARISM REPORT

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Date: Saturday, March 07, 2020

Statistics: 1111 words Plagiarized / 10580 Total words

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GANTT CHART

TYBAF SEM VI project work (Gantt Chart) / Time line for project completion

Name of the Student: Mayuri Shriram Khadilkar Class/Div= A Roll No. = 8309

Task ID	Task Description	Task Duration in days	Start Date	End Date	02-Feb-20	09-Feb-20	17-Feb-20	29-Feb-20	29-Feb-20	02-Mar-20	05-Mar-20	06-Mar-20	07-Mar-20
1	Chapter No. 1: Introduction												
2	Chapter No. 2: Research Methodology												
3	Chapter No. 3: Literature Review												
4	Chapter No. 4: Data Analysis, Interpretation and Presentation												
5	Chapter No. 5: Conclusion and suggestions												
6	Chapter No. 6: Appendix												
7	First Draft												
8	Second Draft												
9	Final Draft												
				Students signature on No. of visits with date									

Important: 1. Referencing style APA 6th 2. The project shall be bounded 3. The project report should be 80 to 100 pages 4. Gantt chart shall be filled by faculties only 5. The final draft shall be signed by guiding teacher 6. The faculties are allowed to link tasks in Gantt chart 7. Be sure to display start and end dates for each task 8. Account for time off, holidays and internal exams 9. To define the critical path, use lines to connect a task

Dr. Nishikant Jha
Co-ordinator B.Com (Accounting & Finance)

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ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the **University of Mumbai** for giving me chance to do this project.

I would like to thank my **Principal, Dr. C.T. CHAKROBORTY** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our **Coordinator, Dr. Nishikant Jha** for his moral support and guidance.

I would also like to express my sincere gratitude towards my project guide, **Mr. Sadiq Hasan** whose guidance and care made the project successful.

I would like to thank my **College Library**, for having provided various reference books and magazines related to my project.

Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially **my Parents and Peers** who supported.

Study on Changes in Indian Economy and its Impact

INDEX

Abstract

Indian economy is a developing market economy. It is fifth largest economy by nominal GDP. From independence in 1947 until 1991, various governments have promoted various economic policies with state intervention and regulations. Green Revolution, Emergency, Liberalisation, Globalisation, Privatization, Demonetisation etc. had huge impact on Indian economy which resulted in current economic scenario. Currently India is facing sharp economic downturn after long period of continuous GDP growth. (ie.8.2% in 16-17, 7.2% in 17-18, 6.8% in 18-19 and 4.7% in Q3 19-20).Is this temporary? Or Is India facing recession? Also India is facing poverty, unemployment, income inequality, illiteracy issues. For this it is important to know the changes in Indian economy and its short term and long term impact on growth and development in India. This paper is an attempt to study the scenario of Indian economy since independence till current period for analysing the future growth & development of Indian economy.

Key words: GDP, Economic growth, favourable and critical impact

Introduction

What this paper attempts is to analyse and understand the constellation of forces that has determined the growth performance of the Indian economy, including its long period of hibernation and sudden, recent show of dynamism. The first task in such an undertaking is to get the facts right. Over the last 4 or 5 years India has been getting a better press than ever before, since its independence in 1947. Is this good press really justified? If the economy is growing faster, when did the take-off occur? This is important to investigate not just to satisfy idle curiosity but to understand the various forces that may have triggered the dynamism; and that in turn is important for the crafting of policies to sustain the growth and spread its spoils more evenly

i) Historical Background

From hindsight, it is remarkable that India did what no other newly independent developing country did. It invested in politics ie. Established democracy, free speech and equal rights for all citizens. At one point of time all progressive leaders around the world tried this. After the end of World War II, as nations became independent, we had not just Jawaharlal Nehru in India, but Sukarno in Indonesia, Mohammad Ali Jinnah in Pakistan and several other leaders trying to put their nation on an even level politically, and build political institutions to promote inclusive economic development. But in most cases it did not last. Chaotic responses, and lust for power caused democracy to collapse in one nation after another.

But India was exception.

The credit for this goes to the early political leaders, Mahatma Gandhi, Nehru, and Ambedkar, and to progressive writers and intellectuals like Rabindranath Tagore, Periyar and Sarojini Naidu, etc. And India had it in plenty measure. In any case, in terms of political design and structure, with regular elections, a progressive constitution, secularism, free media, and an empowered supreme court, India had similar qualities like an advanced nation, and in this respect had very few peers in the developing world.

India’s downside turned out to be its economy. With slow moving growth, large number of population living in miserable poverty, and widespread illiteracy, the country slogged along decade after decade, while several other nations, like South Korea, Taiwan, Singapore, and Hong Kong, starting from almost the same level of economic prosperity in the 1950s, took off in magnificent ways. Whether or not this explanation from politics to economics has any benefit, two things do stand out: early India’s beneficial political achievements and the continuous economic stagnation for at least three decades after its independence.

This introduction should not convey the impression that nothing happening during these first decades. Despite overall growth remaining restrained at around 3.5 per cent per annum, much was happening beneath that. India tried to establish five-year planning, with an effort to set up heavy industries, large-scale production, and dam-building to generate electricity on a large scale. Also somewhere in the mid-1960s India had a successful ‘green revolution’ and broke out of the vicious circle of low agricultural productivity and frequent famines and droughts. Even if it was most visible in Punjab, Haryana, and western Uttar Pradesh, its benefits were felt across the nation.

Slow growth in early years should not be taken as sign of the nation’s independence not having an impact on the economy. Independence was good for India, even in terms of the pure economic growth. Sivasubramonian’s in-depth statistical study shows that annual growth, from being negligible during the first 50 years of the 20th century, moved up to somewhere between 3 and 3.5 per cent in the decades immediately after the country got independence in 1947.

There was a short disturbance in democracy in 1975, when the then Prime Minister, Indira Gandhi, announced an Emergency and took dictatorial control over the nation. For those believing that dictatorship helps economic growth, the Emergency seemed to be in favour because, in 1975/1976, India’s GDP growth rate hit 9 per cent, an extraordinary figure at that time. However, if you studied the growth trend thereafter, it would be deflated. Growth afterwards began to decline and, by 1979/1980, it had drastically fallen to -5.2%, the worst year in India’s history from 1947 to now. In fact, after that year, India did not have a single year of negative GDP growth. Luckily, the

Emergency lasted just under two years and it was brought to an end by an election, called by Indira Gandhi herself, in 1977, when she was defeated.

In her early years, Indira Gandhi followed a policy similar to that of Jawaharlal Nehru, ie. The nationalization of banks in 1969 being the most aggressive one. By the time Indira returned to power in the 1980s, three years after her defeat in 1977 her strategy shifted, this time under the influence of her younger son, Sanjay Gandhi and Rajiv Gandhi, which had large implications for India’s economic trajectory.

ii) India's economic trajectory since independence

Before getting into a discussion of India's trajectory, let us begin with a quick overview of where India stands among the Asian economies. This is captured in Table 1. In the cluster of 10 Asian countries on display, India is the eighth poorest in terms of per capita GDP, ahead of Pakistan and Bangladesh. At least two nations in this group, South Korea and Singapore, are actually high-income nations. Given that all the countries in this cluster were roughly in the same per capita income band in the 1950s, this shows what persistent good growth and the magic of compounding can do.

Table1: The Asian Landscape 2017

Country	Population (million)	GDP (billion current US$)	GDP per capita (current US$)	GDP per capita PPP (US$)	GDP growth rate 2016–17 (%)
Singapore	6	324	57,714	93,905	3.6
Korea, Rep.	51	1,531	29,743	38,260	3.1
China	1,386	12,238	8,827	16,807	6.9
Thailand	69	455	6,594	17,871	3.9
Indonesia	264	1,016	3,847	12,284	5.1
Philippines	105	314	2,989	8,343	6.7
Vietnam	96	224	2,343	6,776	6.8
India	***1,339***	***2,598***	***1,940***	***7,056***	**6.6**
Pakistan	197	305	1,548	5,527	5.7
Bangladesh	165	250	1,517	3,869	7.3

Source: World Bank World Development Indicators, 2017

In this the poorer nations seem to have the higher growth. The economies growing at the fastest rates in 2016–17 are Bangladesh, with a growth rate of 7.3 per cent, followed by China (6.9 per cent), Viet Nam (6.8 per cent), Philippines (6.7), and India (6.6) (Table 2). Singapore and South Korea now have the slowest growth rates in this cluster, as is only to be expected of countries that have become rich.

Table 2: India's annual GDP growth rate and investment rate, 1950–2018

Year	Annual GDP growth rate	Investment rate	Savings rate	Year	Annual GDP growth rate	Investment rate	Savings rate
1950–51		9.3		1984–85	4	19.1	16.0
1951–52	2.3	11.4		1985–86	4.2	20.6	15.2
1952–53	2.8	8.5		1986–87	4.3	20.1	16.5
1953–54	6.1	7.9		1987–88	3.5	21.9	18.2
1954–55	4.2	10		1988–89	10.2	22.8	20.1
1955–56	2.6	12.8		1989–90	6.1	23.7	21.5
1956–57	5.7	15.2		1990–91	5.3	26	21.8
1957–58	-1.2	14		1991–92	1.4	21.8	23.2
1958–59	7.6	11.7		1992–93	5.4	23	23.4
1959–60	2.2	12.4		1993–94	5.7	22.2	24.6
1960–61	7.1	14.3		1994–95	6.4	24.7	25.6
1961–62	3.1	13.4		1995–96	7.3	25.3	25.0
1962–63	2.1	14.9		1996–97	8	23.7	24.9
1963–64	5.1	14.3		1997–98	4.3	25.6	24.1
1964–65	7.6	14.5		1998–99	6.7	24.2	23.7
1965–66	-3.7	16.2		1999–00	8	26.6	24.2
1966–67	1	16.7		2000–01	4.1	24.3	23.9
1967–68	8.1	14.3	10.0	2001–02	5.4	24.2	25.5
1968–69	2.6	13.1	11.2	2002–03	3.9	24.8	27.5
1969–70	6.5	14.6	11.4	2003–04	8	26.8	31.1
1970–71	5	15.1	10.0	2004–05	7.1	32.8	32.0
1971–72	1	16	10.4	2005–06	9.5	34.7	33.2
1972–73	-0.3	14.7	12.1	2006–07	9.6	35.7	33.9
1973–74	4.6	17.3	9.8	2007–08	9.3	38.1	32.5
1974–75	1.2	17.5	12.8	2008–09	6.7	34.3	32.0
1975–76	9	17.2	15.2	2009–10	8.6	36.5	33.7
1976–77	1.2	17.4	14.5	2010–11	8.9	36.5	32.7
1977–78	7.5	17.8	14.0	2011–12	6.7	35.5	32.9
1978–79	5.5	21.1	14.3	2012–13	5.4	39	32.1
1979–80	-5.2	20.4	12.5	2013–14	6.1	38.7	31.4
1980–81	7.2	19.2	14.2	2014–15	7.2	33.8	30.8
1981–82	5.6	18.9	14.6	2015–16	7.9	34.4	30.1
1982–83	2.9	19.1	14.3	2016–17	6.6	33.3	29.8
1983–84	7.9	18.2	15.0	2017–18	6.7		

Notes: The GDP growth before 2011 shown is at factor cost, at constant prices, with 2004–05 as base. The GDP growth after 2011 shown is at factor cost, at constant prices, with 2011–12 as base; and Investment Rate refers to gross capital formation as a percentage of GDP.

Source: Economic Survey 2017–18, Government of India, 2018.

Good growth is the outcome of various factors, from the nature of institutions in the nation, the prevalent social norms, the positioning of the nation in the global polity, and the nature of economic policy pursued by the respective governments, to the size of the nation’s population.

It is arguable that none of these factors driving growth is binding in itself; and so there is always hope that a lack in one particular dimension can be compensated for by good performance on some other dimension that may be more under the control of policymakers.

Some of the drivers of growth are beyond the control of any individual or organization. But there are also some that can be shaped by the government and individuals in the nation. The purpose of economic analysis is to identify the latter and help nations achieve higher growth and all-round development.

Barring the growth spike in 1975 mentioned above, the nation chugged along at a fairly steady low-growth rate, of around 3.5 per cent per annum, for the first three decades. Given that India’s population was initially growing at over 2 per cent per annum, this meant a snail’s pace growth of barely over 1 per cent for per capita income. Table 3, based on the data in Table 2, summarizes some of the essential numbers. The annual GDP growth rate, averaged over decades, shows India growing at 3.91 per cent, 3.68 per cent, and 3.09 per cent over the 1950s, 1960s, and 1970s, respectively. In decadal terms, the big break was in the 1980s, when the growth breached the 5 per cent mark for the first time.

Table 3: India's decadal GDP growth and investment rates

Year	Annual GDP growth rate	Investment rate	Savings rate
1951–61	3.91	11.82	-
1961–71	3.68	14.71	9.03
1971–81	3.09	17.86	12.96
1981–91	5.38	21.04	17.32
1991–2001	5.71	24.14	24.27
2001–11	7.68	32.44	31.42
2011–18	6.61	35.78	31.17

Notes: The GDP growth rate before 2011 is shown at factor cost, at constant prices, with 2004–05 as base; the GDP growth rate after 2011 is shown at factor cost, at constant prices, with 2011–12 as base; and Investment rate refers to gross capital formation as a percentage of GDP.

Source: Economic Survey 2017–18, Government of India, 2018.

About 15 years ago in 1991 India had to experience a severe balance of payments crisis.

A default on payments, which would have a disastrous consequent for the Indian economy, had become for the first time in our history a serious possibility in June 1991. It was at this time that new Congress Government with Dr. Manmohan Singh as our Finance Minister took several short-term and long-term measures to overcome the balance of payments crisis.

The balance of payments on current account of India has been in deficit for most of the years

. Deficit on current account implies that the residents of a country are spending more on imports of goods and services than the incomes they are earning from exports of goods and service.

If the value of its imports exceeds the value of its exports, the country is said to have-a deficit or an adverse balance of trade.

The economic liberalisation in India refers to the economic liberalisation of the country's economic policies, initiated in 1991 with the goal of making the economy more market- and service-oriented, and expanding the role of private and foreign investment. Most of these changes were made as part of the conditions laid out by the World Bank and the IMF as a condition for a $500 million bail out to the Indian government in December 1991.

The economic liberalization of India had a multitude of impacts, some of which were positive and others negative for its people. The foreign investment in the country increased. Annual growth in GDP per capita accelerated from just 1¼ per cent in the three decades after Independence to 7½ per cent currently, a rate of growth that will double average income in a decade.... In service sectors where government regulation has been eased significantly or is less burdensome—such as communications, insurance, asset management and information technology—output grown rapidly, with exports of information technology enabled services particularly strong. In those infrastructure sectors which were opened to competition, such as telecoms and civil aviation, the private sector has proven to be extremely effective.

The economic liberalisation and globalisation in India in 1991 lead to economic growth by expanding the role of private and foreign investment. Specific changes include a reduction in import tariffs, deregulation of markets, reduction of taxes, and greater foreign investment. The fruits of liberalisation reached their peak in 2006, when India recorded its highest GDP growth rate of 9.6%. With this, India became the second fastest growing major economy in the world, next only to China.

India's economy has grown drastically since it integrated into the global economy in 1991. It has drastic impact on India's economic condition.

Foreign direct investment (FDI) in India has reached 2% of GDP, compared with 0.1% in 1990, and Indian investment in other countries rose sharply in 2006.

As the third-largest economy in the world in PPP terms, India is a preferred destination for FDI

Share of top five investing countries in FDI inflows (Apr 2000 – Sept 2016)

f

Rank	Country	Inflows (million USD)	Inflows (%)
1	Mauritius	101,759.68	32.81%[18]
2	Singapore	50,559.91	16.30%
3	United Kingdom	24,072.30	7.76%
4	Japan	23,760.47	7.66%
5	United States	19,380.43	6.25%

Source: FDI in India Statistics[19]

India's liberalised FDI policy as of 2005 allowed up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and FDI. The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalised FDI regime

Table 4: India’s foreign exchange reserves

Year	Total reserves	
	₹ billion	US$ million
1954–55	9	1,873
1959–60	4	762
1964–65	3	524
1969–70	8	1,094
1974–75	10	1,379
1979–80	59	7,361
1984–85	72	5,952
1989–90	63	3,962
1994–95	798	25,186
1999–00	1,659	38,036
2004–05	6,191	141,514
2009–10	12,597	279,057
2014–15	21,376	341,638
2017–18	27,930	405,810

Source: Reserve Bank of India & Centre for Industrial & Economic Research (CIER); Economic Survey 2013–14.

What this wisdom missed out on was the fact that if you do not allow people to take their foreign currency out of the country, they will not bring their foreign currency into the country in the first place. Hence, it is likely that one reason India had so little foreign reserve is that there were such severe restrictions on taking foreign money out of the country. This was changed during the reforms of 1991–93 and the results were visible within three or four years.

What arguably gave a boost to savings and therefore investment was Indira Gandhi's controversial decision to nationalize all banks in 1969. It may have had other, negative, effects, but one consequence of this was that there was a sudden rise in the number of bank branches in relatively remote rural areas (a consequence of a directive from the government to the state-owned banks). This made it easier for people to save money, and through the 1970s there was a steep and unprecedented rise in India's savings rate (Basu and Maertens 2008). A comprehensive study by Athukorala and Sen (2004) also found that the 'spread of banking facilities' in India played a positive role in promoting savings. They also showed that public savings tend to boost overall savings because, although public savings displace private savings, this displacement effect is muted.

What India saw subsequently was a most unusual growth pattern for a developing country. It was not the manufacturing sector that led India's growth but the services sector. Over the next 15 years India topped the chart of nations in terms of services sector growth and this was primarily because of the information technology sector, in which the country excelled, but there is more to the story.

The growth story of India's services sector is an outlier in terms of the experience of developing countries across the world. It has been argued that the services sector growth tends to occur in two waves: one which takes an economy from the low- to middle-income category, and a second one which occurs in middle-income economies, giving them a further boost (Eichengreen and Gupta 2009). The first consists of various informal sectors growing rapidly, whereas the second gets its boost from more sophisticated sectors, such as information technology and finance, triggering the overall services sector growth.

It is this second-stage services sector growth that happened in India, rather early and with a vigor rarely seen anywhere else. As Nayyar's (2012) estimation shows, between 1980 and 2009, India's services sector growth was so large that it picked up 85 per cent of the decline in share of agriculture. That the share of agriculture will decline in the process of development is normal. What this statistic shows is both the remarkably good performance of India's services sector and the remarkably poor performance of India's manufacturing sector.

The factors that drove India's success in the services sector are several and make for interesting economic analysis. First, there was an early policy shift that was rooted in politics but had an unintended, beneficial effect. This had to do with the computing sector. Following a spat with IBM in 1977, India asked the company to leave the country. This caused big disruptions to the computing sector in India, but it also became an inadvertent application of the infant industry argument, whereby India was forced to make its own innovations and advances in this sector (Murthy 2005). This prepared the initial ground and then, when the economic reform of 1991–93 happened, India's information technology sector was ready for take-off. As has been emphasized by Narayana Murthy (2004), the reforms were critically important because they cut down government bureaucracy and enabled speed in a sector that depends on that.

The services sector, and in particular IT products, on the other hand, was initially largely tax exempted and so did not have to interact much with the bureaucracy. Further, its outputs did not, for the most part, have to be carted across roads or negotiate ports since they could be digitally sent to the user. Hence, this sector could bypass the nation's two big stumbling blocks

All these drivers had fallen into place by the early years of this millennium and, by 2003, India seemed to have moved another step up the growth ladder. In 2003–04, India's GDP grew by 8 per cent and then from 2005 to 2008 it grew at over 9 per cent for three consecutive years. It is likely that India has moved up to a higher growth path, even though there have been some trying years since. Immediately after 2008, the great global recession had its effect on India. After 2010, major corruption scandals rocked the entire economy and in 2016 a totally ill-conceived demonetization put the brakes on the economy. It is, however, arguable that India is now on a higher growth path overall and, unless it becomes a serial blunderer, the economy will be able to maintain a growth of over 8 per cent per annum

To complete the picture of how India has developed overall, it is important to look at other primary indicators of progress: literacy, poverty, inequality, and health. The story here has been less encouraging.

For a nation committed to equality and socialism, India did surprisingly poorly on these important indicators of overall development. Literacy is a striking example. In higher education, India did remarkably well for a developing economy (though it has, of late, been losing rank), as could be seen from the large presence of Indians in international gatherings of science, engineering, and other areas of higher learning and research. Yet, in terms of basic literacy, it trailed behind much poorer nations. Table 5 shows the basic numbers for adult literacy since Independence, as per census data.

Table 5: Adult literacy

Year	Adult literacy (%)
1951	18.33
1961	28.30
1971	34.45
1981	43.57
1991	52.21
2001	64.87
2011	74.04

Source: Census of India.

The above numbers are symptomatic of other social indicators, like poverty, health, and malnutrition. Table 6 gives India's poverty rates.

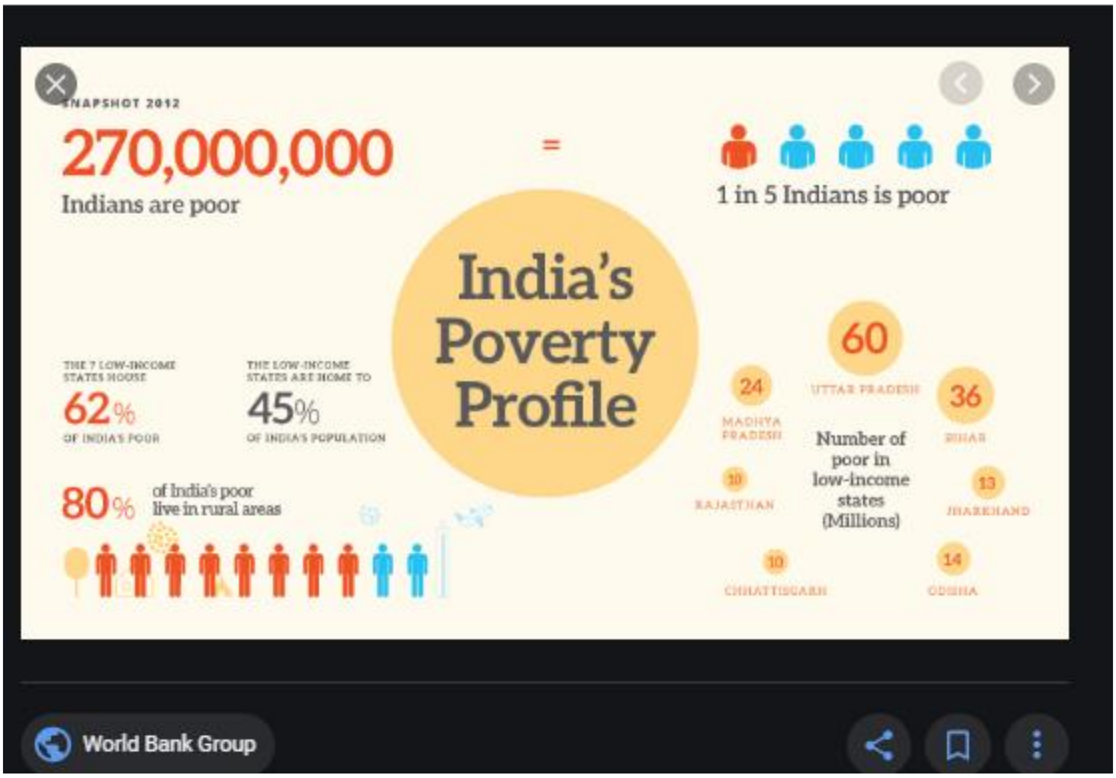
Poverty has been declining, with an especially sharp fall after 2009, but with over 20 per cent of the population living on less than \$1.90 a day and 60 per cent living on \$3.20 a day or less, there is still a great distance to go.

Table 6: Poverty: Percentages of population consuming less than \$1.90 and \$3.20 (PPP adjusted) per day

	Poverty head count (% of population)	
Year	< \$1.90 / day	< \$3.20 / day
1977	60.00	87.35
1983	53.90	84.90
1987	44.80	80.40
1993	45.90	81.10
2004	38.20	75.20
2009	31.10	70.00
2011	21.20	60.40

Source: World Bank Development Research Group.

For a nation growing as well as India has in recent years, these indicators provide little comfort and the nation cannot be unmindful of the fact that they can become a drag on overall development and even GDP growth.

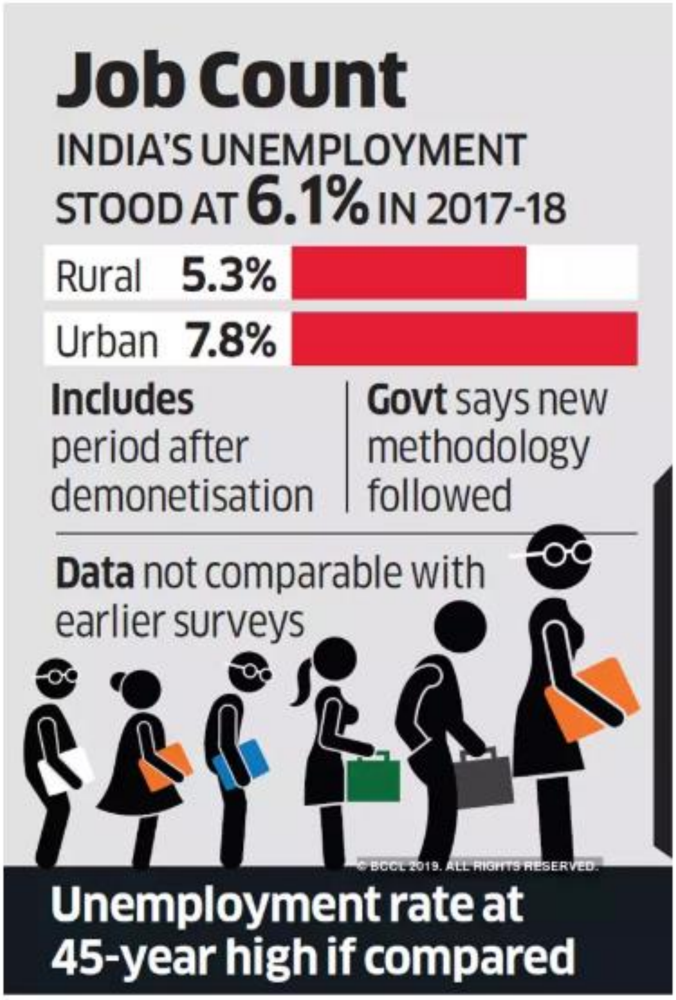


As India is one of the fastest-growing economies in the world, poverty is on the decline in the country, with close to 44 Indians escaping extreme poverty every minute, as per the World Poverty Clock. India has been able to lift a significant percentage of its population out of poverty, but many still live in it. India had 73 million people living in extreme poverty which makes up 5.5% of its total population, according to the Brookings report

The Indian government and non-governmental organizations have initiated several programs to alleviate poverty, including subsidizing food and other necessities, increased access to loans, improving agricultural techniques and price supports, promoting education and family planning. These measures have helped to eliminate famines, cut absolute poverty levels by more than half and reduced illiteracy and malnutrition.

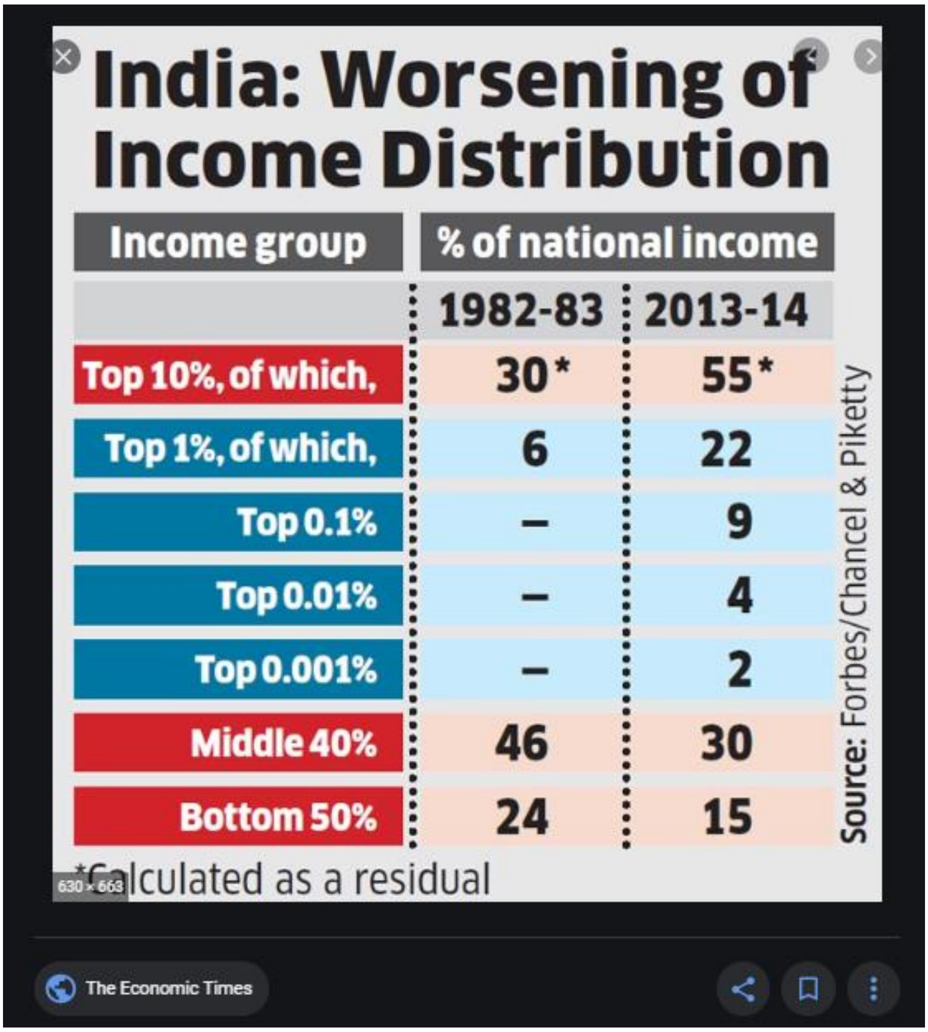
Unemployment is a major social issue in India. As of September 2018, according to the Indian government, India had 31 million jobless people. While the Indian economy has been shifting from being predominantly agriculture employment-based to one where the employment is a mix of agriculture, manufacturing and services, the economy has largely seen a "jobless growth" between the 1980s and 2007.

This jobless growth in the Indian manufacturing has been puzzling and is in part linked to the productivity growth. The major industries that have seen growth in formal employment have been export-oriented manufacturing, software, and local services. However, the services-based industry has not been "particularly employment-intensive", and its rapid growth has not addressed the unemployment and under-employment problems in India – and the job needs of its growing population – between 1983 and 2010.



Finally, let me briefly turn to inequality.

The Gini coefficient of income or consumption inequality is high but there are other measures, based on wealth and the tracking of the difference between the super-rich and the median person. This shows very high and worsening inequality (Bardhan 2007; Mishra 2012), which is likely to have negative spillovers in the long-run, and maybe not that long. In a nation that now has several individuals listed among the world's wealthiest individuals, the numbers on poverty quoted above tell us that India does have work to do in reversing some of these inequality trends.



India: Worsening of Income Distribution

Income group	% of national income	
	1982-83	2013-14
Top 10%, of which,	30*	55*
Top 1%, of which,	6	22
Top 0.1%	–	9
Top 0.01%	–	4
Top 0.001%	–	2
Middle 40%	46	30
Bottom 50%	24	15

*Calculated as a residual

Source: Forbes/Chancel & Piketty

iii) Contemporary Challenges

While India’s growth has picked up in the last few decades, and especially since 2005, as just discussed, India still faces formidable challenges—of deep-seated poverty, endemic corruption, growing inequality, and other anxieties of early growth. How should the nation deal with these challenges? How should India turn the march of technology that is happening around the world and creating turmoil in so many places to its advantage? Is that at all possible?

There are 4 problems that needs to be tackled:

- Bureaucratic costs
- Corruption
- Technology and labor
- GST

- **Reducing Bureaucratic costs**

In Table 7, I provide a snapshot of how India performs in comparison with a group of Asian economies in terms of specific indicators that are particularly important in facilitating business and enterprise. Consider, for instance, the number of days it takes to get the basic permits to start a small enterprise. In Singapore it takes 3 days, in South Korea 4 days, in Bangladesh 20 days, and in India a full month.

Table 7: Bureaucratic efficiency, 2017

Country	No. of days to start business	No. of days to enforce a contract	No. of years to resolve insolvency	Border compliance for exports (hours)	Border compliance for imports (hours)
India	30	1,445	4.3	106.1	264.5
China	23	496	1.7	25.9	92.3
Vietnam	22	400	5	55	56
Bangladesh	20	1,442	4	99.7	183
Malaysia	18	425	1	45	69
Pakistan	18	1,071	2.6	75	129.3
Thailand	5	420	1.5	51	50
South Korea	4	290	1.5	13	6
Singapore	3	164	0.8	10	33

Source: Author's construction, using World Bank data (World Bank 2018).

Finally, the need to eliminate unnecessary hurdles must not be equated with a call for doing away with regulation. No modern economy can run well and for the well-being of its overall population if it is left entirely to the dictates of profit making. We need regulation to direct the economy, and we certainly need laws and controls to curb environmental damage. We cannot allow enterprises to choke our rivers, lakes, and oceans with plastic and chemicals on the grounds of free-market efficiency. But what has happened in India is a stacking-up of old and new rules, many of which serve no purpose other than to slow down decision making and fuel corruption as people are forced to cajole and bribe those in authority to get the necessary permissions

- **Corruption Control**

On 8 November 2016, the Government of India announced the demonetization of all ₹500 and ₹1,000 banknotes of the Mahatma Gandhi Series. It also announced the issuance of new ₹500 and ₹2,000 banknotes in exchange for the demonetised banknotes.[1] The Prime minister of India Narendra Modi claimed that the action would curtail the shadow economy and reduce the use of illicit and counterfeit cash to fund illegal activity and terrorism. The announcement of demonetisation was followed by prolonged cash shortages in the weeks that followed, which created significant disruption throughout the economy. The BSE SENSEX and NIFTY 50 stock indices fell over 6 percent on the day after the announcement.[15] The move reduced the country's industrial production and its GDP growth rate.

Objectives were as follows:

i) Reduce black money
ii) To check evasion
iii) Reduce counterfeit currency
iv) Digitalisation
v) Tax collection (increase govt revenue)
vi) Curb corruption

- **Technology and labor**

Turning finally to the challenge of technology and labor, for India this is as yet a problem in its early stages, but it may come to be the dominant problem in the medium to long term. Worldwide and in high- and upper-middle-income countries the problem is acute. Thanks to the rise of two kinds of technology—the 'labor-saving' kind, which is leading to machines and robots replacing labor, and the 'labor-linking' kind, which is allowing workers in low-wage nations to do some of the work for rich economies without having to leave their shores—there is a clear trend of wage shares falling and inequality rising.

Growth has been higher but job creation has lagged behind growth quite significantly (Ghose 2016; Nayyar 2017). During the real-high growth period for India, from 2005 to 2008, for instance, when GDP was growing at roughly 9.5 per cent per annum, annual job creation was barely 2 per cent.

- **GST**

Goods and Services Tax (**GST**) is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination based tax: comprehensive because it has subsumed almost all the indirect taxes. Goods and services are divided into five different tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government.

Impacts of GST reforms are very positive for growth, capital formation, investment, consumption and employment in the Indian economy. By eliminating the cascading effects of multiplicity of taxes and by removing the red-tape in the tax administration, GST reduces the cost of supply of goods and services. . Consumers are better off as they get commodities at lower prices, producers also gain as the cost of capital decrease. Economy becomes more competitive in the international market. Economy creates more employment in the service sectors including the transport and storage, hotel and restaurant, food and beverages and textiles, health and education and community services sectors after the GST reforms.

The future years

Given that it is a nation that made some sophisticated choices in terms of its politics earlier than almost any other nation achieving independence, with a substantial economic growth to back this up, India could be a global leader.

Despite India’s remarkable growth performance over the last decade and a half, there are still many vulnerabilities. First, agriculture as a share of value-added in GDP has over the last 50 years become quite small but it is still a vital sector that employs around half of the nation’s labour force. Even a small decline in its production can cause food inflation, large welfare losses among the poor, and even political instability. Therefore, agriculture as a sector will continue to need nurture.

While technology will eventually create a global challenge that will affect India as well, for some time still to come India will be able to take advantage of its cheap labour and boost its manufacturing sector, which is a powerful absorber of labour. But to nurture this sector more investment is needed in infrastructure, the reduction of bureaucratic costs, and also good macroeconomic policy, because a wrong exchange rate policy can blight the nation’s scope for greater manufacturing exports.

But thereafter, as India’s own labour costs rise and artificial intelligence and robotics arrive in a big way, the country’s (along with the whole world’s) growth strategy will have to change. For this it will need major upgradation in the quality of education.

All drudge work will be taken by new-generation machines, and human beings will have to find work in research, innovation, and creative fields like art and philosophy. India had a head start in higher education. The nation will need new investments in this.

Then there is matter of inequality. If the working classes are not endowed with more creative skills, there is the danger that, even if India continues to grow, all its growth will be concentrated at the top end.

India should invests in health and education, and also taxes the rich more and use money for welfare of poor.

Some of these prospects and problems are not exclusive to India, but global.

The world can get there and India can play a leadership role in ushering in such an age. With its early investment in the political institutions of democracy, secularism, and openness to ideas, as well as in good universities and institutes of higher learning, including science and engineering, and in its more recent improvements in savings and investment rates, India, with its enormous size, has the potential to be in the frontline. There are policy corrections to be made, there are pitfalls to be avoided but, with all those caveats, the prospects look good for what lies ahead.

Review of Literature

1) Ahluwalia in (2002) ‘Economic Reforms in India since 1991: Has Gradualism Worked?’

This paper examines India’s experience with gradualist reforms from the following perspective: Opinions on the causes of India's growth deceleration vary. World economic growth was slower in the second half of the 1990s, and that would have had some dampening effect, but India's dependence on the world economy is not large enough for this to account for the slowdown. Critics of liberalization have blamed the slowdown on the effect of trade policy reforms on domestic industry. However, the opposite view is that the slowdown is due not to the effects of reforms, but rather to the failure to implement the reforms effectively. This in turn is often attributed to India's gradualist approach to reform, which has meant a frustratingly slow pace of implementation. However, even a gradualist pace should be able to achieve significant policy changes over ten years. He reviewed policy changes in several major areas covered by the reform program: fiscal deficit reduction, industrial and trade policy, agricultural policy, infrastructure development, financial development, privatization and social sector development. Conclusion: The impact of ten years of gradualist economic reforms in India on the policy environment presents a mixed picture. The industrial and trade policy reforms have gone far, though they need to be supplemented by labour market reforms, the logic of liberalization also needs to be extended to agriculture, where numerous restrictions remain in place. Reforms are made to encourage private sector investments. Critics often blame the delays in implementation and failure to act in certain areas to the choice of gradualism as a strategy. However, gradualism implies a clear definition of the goal and a deliberate choice of extending the time taken to reach it and this is not what happened in all areas. The goals were often indicated only as a broad direction, with the precise end point and the pace of transition left unstated to minimize opposition.

2) Nayyar D in 2017 ‘Economic Liberalisation in India: Then and Now’

This paper examines liberalisation policy which is as follows: The story of 1991 began much earlier. Even if adjustment and reform were driven by economic compulsions, it was the political process that made these possible. However, liberalization was shaped largely by economic problems of the government rather than by economic priorities of the people or by long-term development objectives. Thus, there were limitations in conception and design which have been subsequently validated by experience. Jobless growth, persistent poverty and rising inequality have mounted as problems since economic liberalization began life. And, 25 years later, there are four quiet crises confronting the economy in agriculture, infrastructure, industrialization and education that loom large as constraints on future prospects. These problems must be resolved if economic growth has to be sustained and transformed into meaningful development over the next quarter century. In this quest, India needs a developmental State for its market economy to improve the living conditions of her people.

3) Ajit Ghose (2016) ‘India Employment Report 2016: Challenges and the Imperative of Manufacturing-Led Growth’

What is the nature of the employment problem that India faces? What kind of economic growth is required to address it? As India posits itself as one of the fastest growing major economies in the world, *India Employment Report* 2016 examines how the employment challenge undermines the substantial improvement that the economy has made in the last decade.

This report provides an in-depth review of the evolving characteristics of the country's labour force, develops new tools for a sharper analysis of the changes in employment conditions, and gives a clearer view of the state of employment in India. Presenting a comprehensive overview of the policy interventions that would be required for the development of India's growth strategy, the report brings out that pursuing a manufacturing-led growth strategy can help the country overcome this formidable challenge

4) Nayyar D in 2012 'The Service Sector in India's Development'

This paper explains India's growth due to service sector growth. In 2010, it accounted for 57 percent of the country's GDP and 25 percent of its total employment. The results do not conform to the growth experience of currently industrialized countries or other developing economies. Is the increasing share of the service sector in India's total output simply notional, as several activities that were earlier classified in the industrial sector are now subsumed in services' value added, or because the relative price of services has increased over time? No. The sector's growth is real – it is linked to household final demand, policy reforms and increased service exports. Is this service-led growth process sustainable? That remains an open question because the service sector is highly heterogeneous, ranging from software services and business process outsourcing to wholesale and retail trade and personal services. These subsectors vary considerably in the context of different economic characteristics that are important for development.

5) Pranab Bardhan in 2007 ‘Poverty and Inequality in China and India: Elusive Link with Globalization’

This paper explains the concept of globalisation and concerns about poverty and inequality. Some people interpret globalization as global reach of communication technology and capital movement, some think of it as outsourcing by domestic companies in rich countries, and others see it as a byword for corporate capitalism. The author primarily refers to economic globalization or the expansion of foreign and investment, and its effects on the wages, incomes, and access to resources for the poorest people in the world. The experts of globalization see the potential for coordination among transnational companies, multilateral organizations, developing countries and local aid groups to help the poor.

To conclude: In general while globalization inevitably creates winners and losers, opening the economy to trade and long-term capital flows need not make the poor worse off, if appropriate domestic policies and institutions (particularly for support infrastructure to help production reorganization, labour market adjustment and social protection) are in place. In fact it can open the door for some new opportunities for the poor. Whether a country can harness the opportunities unleashed by globalization in helping its poor people depends a great deal on the structure of domestic social and political institutions. Also closing the economy does not reduce the power of the relevant vested interests: landlords, corrupt and/or inept politicians and bureaucrats, and the currently subsidized rich.

Research Methodology

1. Objective of the study:

The objectives are designed to have a particular direction to the study like what aspect of the topic is going to be studied. A topic can be studied from various parameter, the objectives designed for a project gives an idea that in what manner the topic is studied, what is the flow of project, what are the variables selected for the project, etc.

- **To know the impact of economic decisions on India's economic growth.**
- **To analyse the trend of economic growth.**
- **To suggest measures which will improve economic growth rate and development.**

2. Hypothesis of the study

Hypothesis is referred as the presumptions made by an individual to study the research project. These presumptions are made in a way to satisfy the objectives framed for the project. Framing of hypothesis is an important part of the research as in this step the research problem or the problem statement is designed on which the entire research is based.

Hypothesis

H0: People are not aware of various economic decisions and trends of economic growth and development

H1: People are aware of various economic decisions and trends of economic growth and development

3. Scope of study

The present study on changes in Indian economy and its impact targets understanding the impacts of decisions like liberalisation, globalisation, demonetisation, privatisation, emergency, GST, etc. on economy and analyse the growth trend so as to make future predictions.

This study also helps to understand what challenges are faced by Indian people & what can bring more improvement in lifestyle of Indian people thus leading to economic development.

Various other factors like inflation, economic crisis in 2008, balance of payment, external debts, etc. are not considered as the topic is really vast and mammoth task to cover every aspect.

4. Type of study

There are various types of study for doing a research, to name some descriptive study, exploratory study, historical study, empirical study, qualitative study, quantitative study, etc. For the purpose of this research, the research has used Descriptive study.

Descriptive study is a method usually used to describe the characteristics of the population that is being studied. The descriptive study is mostly used to get the answer for the question "what" rather than answer for "why". The reason for selecting Descriptive research is because it gives special focus on specific type of questions, methods, and outcomes of the data. The best part about Descriptive study is that it can study the qualitative and quantitative aspects i.e. there is no need to study the qualitative or quantitative aspects separately.

Therefore, it can involve the tables and graphs and numbers or the physical qualities in the study. Descriptive study is usually used by the anthropologists, psychologists and social scientists.

5. Sampling Design

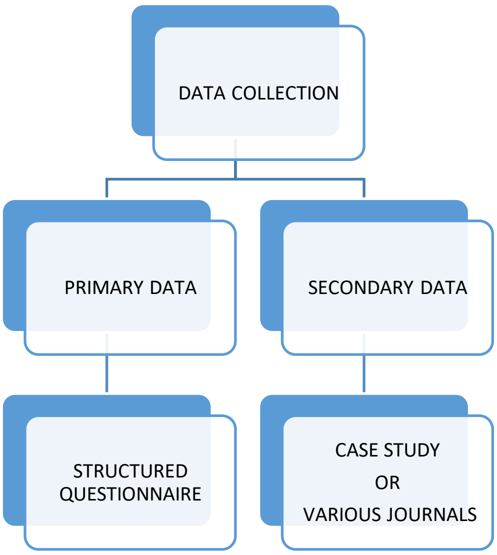
The sampling designs are manly classified into two types: probability and non- probability sampling. Probability sampling is then divided into simple random sampling, stratified sampling, systematic sampling, and cluster sampling.

Random sampling method means the sampling technique where we select a group of project to study a larger group. Each individual is selected on chance and each member has an equal chance of being included in sample. The main goal of random sampling is to get a sample which is representative of the larger population. The importance of random sampling is to draw conclusion from the results of a study. However, in random sampling the object may not necessarily have an equal chance of being chosen. Random sampling helps to eliminate bias by giving all the individuals an equal chance to be chosen.

For the purpose of this research, I have used “Probability Random sampling” method. The reason for selecting the random sampling method is that my sample size is small and a fixed set of questions were asked to everyone, hence there is uniformity in the data collected. Therefore, random sampling is used as there will be no bias result obtained from the data, which is the most important aspect of random sampling.

6. Methods of data collection

The data collection method means the various sources from where the data has been collected by the researcher. There are several methods for collection of data, especially in surveys and descriptive researches. As during data collection for descriptive research, the primary data is collected from the respondents through direct communication or through personal interviews.



- **PRIMARY DATA**

The study is based on both primary and secondary data.

For the purpose of the research, the primary data was collected through a close ended structured questionnaire which was designed pre hand and was circulated using Google form. Questionnaire was answered by consumers in general with the age group of 18 yrs and above.

Close ended questionnaire method is the most feasible method of data collection as a fixed set of questions is prepared and surveyed. Therefore, uniform observations were obtained which are more reliable.

- **SECONDARY DATA**

For the purpose of secondary data collection, the researcher has used various forms such as various research magazines, articles, websites, research journals, compendiums, etc. related to the topic. Due to unavailability and shortage of time no books were studied in the physical form. The secondary sources were mostly used for designing the review of literature for the project. Being a descriptive research more secondary data was used for the study.

7. Sample Size

The sample sizes of 50 respondents were selected from the respondents.

8. Limitations of study

Limitations of a research project arise when there are uncontrollable variables which are harder to be brought in control. This reduces the accuracy and credibility of results. However, for this study only 140 responses were taken into consideration.

- The period of research was very short and hence more the researcher was unable to gather more responses.

- The research sample size was limited.

- The scope of discussion was limited as a very in depth study was needed in every field of science. This helps in finding an accurate solution.

Data Analysis

Frequency and diagrammatic analysis

Frequency analysis is a part of descriptive statistics. In statistics, frequency is the number of times an event occurs. Relative frequencies are more commonly used because they allow you to compare how often values occur relative to the overall sample size.

Diagrammatic analysis is a technique of presenting numeric data in Pictograms, Pie charts, Bar diagrams, Graphs, etc.

Percentage analysis is one of the descriptive statistical measures used to describe the characteristics of the sample or population in totality.

Percentage analysis involves computing measures of variables selected of the study and its finding will give easy interpretation for the reader.

We are using Pie charts for our study.

Pie chart is a circular statistical graphic which is divided into slices to illustrate numerical proportions. . Pie chart represent relative frequencies & percentage by displaying how much of the whole pie each category represents.

As per primary data collected: -

A. **Classification of the respondents**

Table 4.1.1: On the basis of Age Group

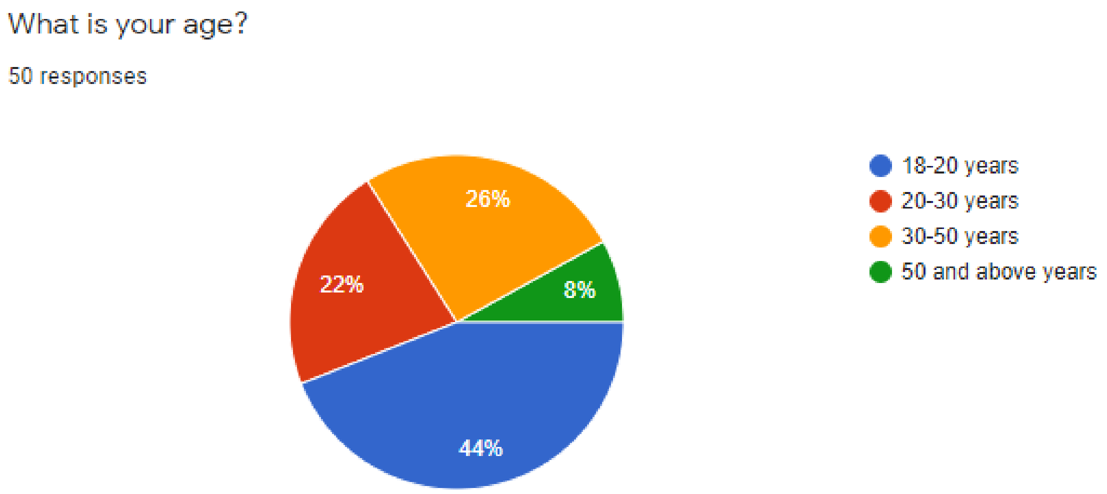
Sr. No.	**Particulars**	**Frequency**	**Percentage**
1	**Age Group**		
	18 to 20 Years	22	44 %
	20 to 30 Years	11	22 %
	30 to 50 Years	13	26 %
	50 Years and above	4	8 %

INTERPRETATION–

The above table shows the respondents from different age groups who has responded to the questionnaire of the survey. It shows us the frequency of respondents from different age group.

As per the data collected, around 44 % respondents are in the age group of 18 to 20 years, around 22 % respondents are in the age group of 20 to 30 years, and then around 26 % respondents are in the age of 30 to 50 years, finally 8 % respondents around the age group of 50 years and above.

This can be better presented through following Pie Diagram. The Pie-Chart shows us the data as a whole and in 100%.



B. <u>**Classification of the respondents**</u>

Table 4.1.2: On the basis of Occupation

Sr. No.	**Particulars**	**Frequency**	**Percentage**
2	**Occupation**		
	Employed	22	44 %
	Unemployed	28	56 %

<u>INTERPRETATION-</u>

The above table shows the occupation type of respondents. Here, 44 % respondents are employed whereas other 56 % students are unemployed.

The responses received can be presented using Pie Diagram as follows: -

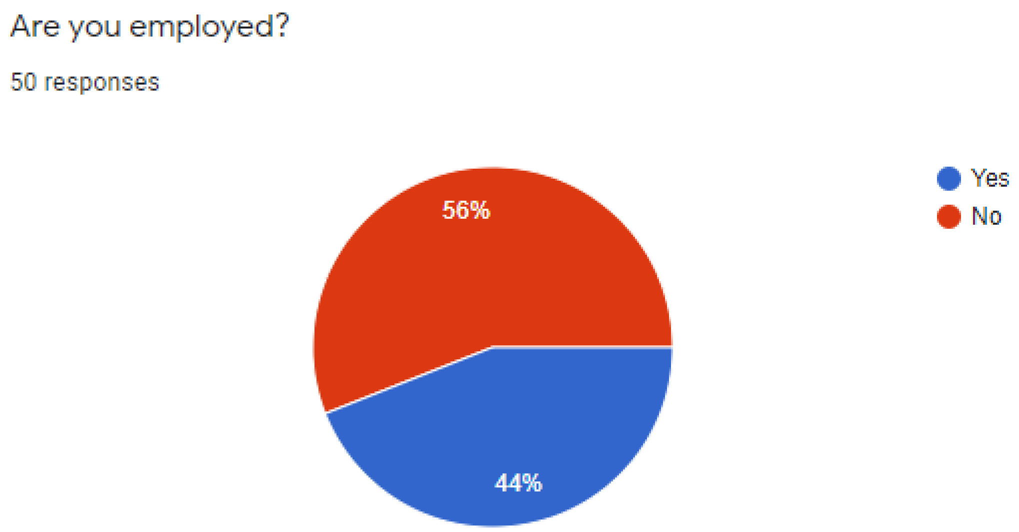


Table 4.1.3: On the basis of Most Unfavourable Impact

Sr. No.	Particulars	Frequency	Percentage
3	**Most Unfavourable Impact**		
	Demonetisation	20	40 %
	GST	11	22 %
	Globalisation	4	8 %
	Emergency	12	24 %
	Higher Imports	2	4 %
	Reservation	1	2 %

<u>INTERPRETATION-</u>

The above table shows the most unfavourable impact on Indian economy according to the respondent's answers. Here, 40 % respondents feel demonetisation (2016) has the most unfavourable impact followed by emergency (1975-1977) having 24 %. Then GST (2017) having 22 %. Also 8 % respondents feel globalisation, 4 % respondents feel higher imports in India and 2 % respondents feel reservation in India has most unfavourable impact.

The responses received can be presented using Pie Diagram as follows: -

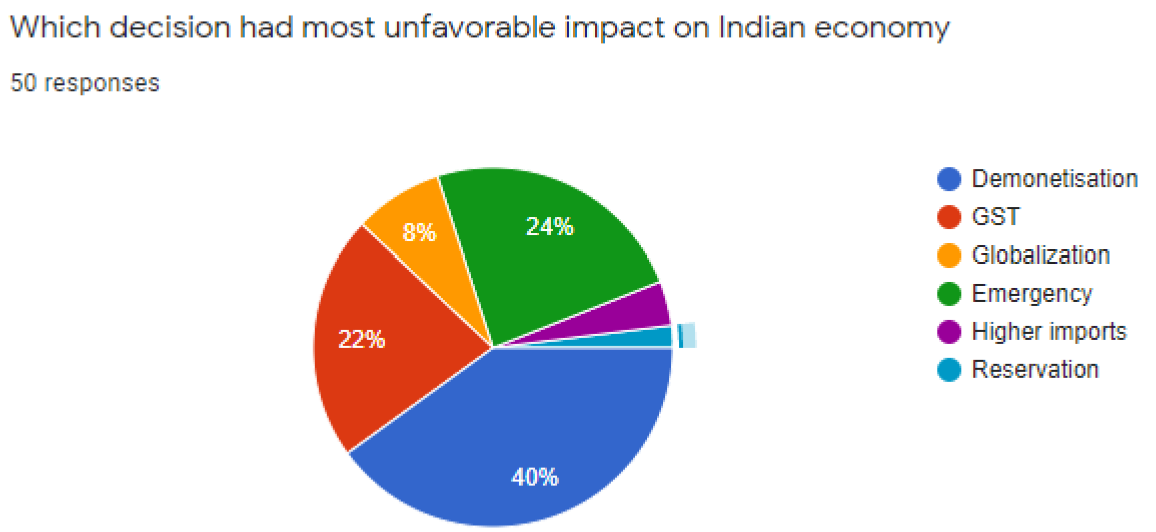


Table 4.1.4: On the basis of Most Favourable Impact

Sr. No.	Particulars	Frequency	Percentage
4	**Most Favourable Impact**		
	Demonetisation	6	12 %
	GST	17	34 %
	Globalisation	10	20 %
	Privatization	8	16 %
	Liberalisation	9	18 %

INTERPRETATION-

The above table shows the most favourable impact on Indian economy according to the respondent's answers. Here, 34 % respondents feel GST has the most favourable impact followed by globalisation having 20 %. Then liberalisation having 18 %. Also 16 % respondents feel privatization and 12 % respondents feel demonetisation respectively has most favourable impact.

The responses received can be presented using Pie Diagram as follows: -

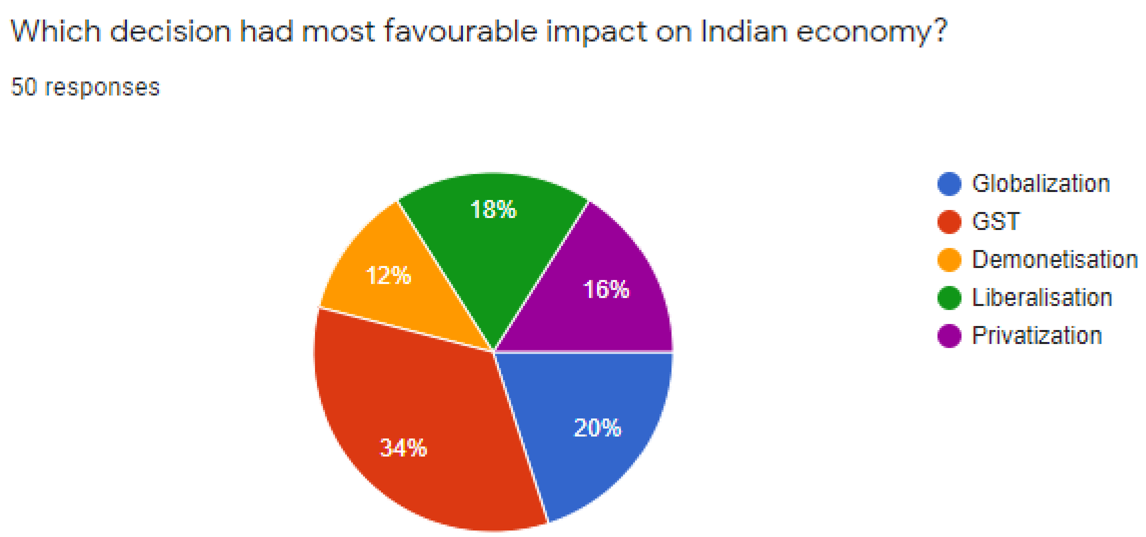


Table 4.1.5: On the basis of Best way to measure economic growth

Sr. No.	Particulars	Frequency	Percentage
5	**Best way to measure economic growth**		
	GDP Growth Rate	20	40 %
	GDP Per Capita	22	44 %
	Real GDP	3	6 %
	Nominal GDP	5	10 %

<u>INTERPRETATION-</u>

The above table shows the best way to measure economic growth according to the respondent’s answers. Here, 40 % respondents feel GDP growth rate, 44 % respondents feel GDP per capita respectively are the best ways to measure economic growth. Also 10 % respondents feel Nominal GDP and 6 % respondents feel Real GDP is the best way to measure economic growth.

The responses received can be presented using Pie Diagram as follows: -

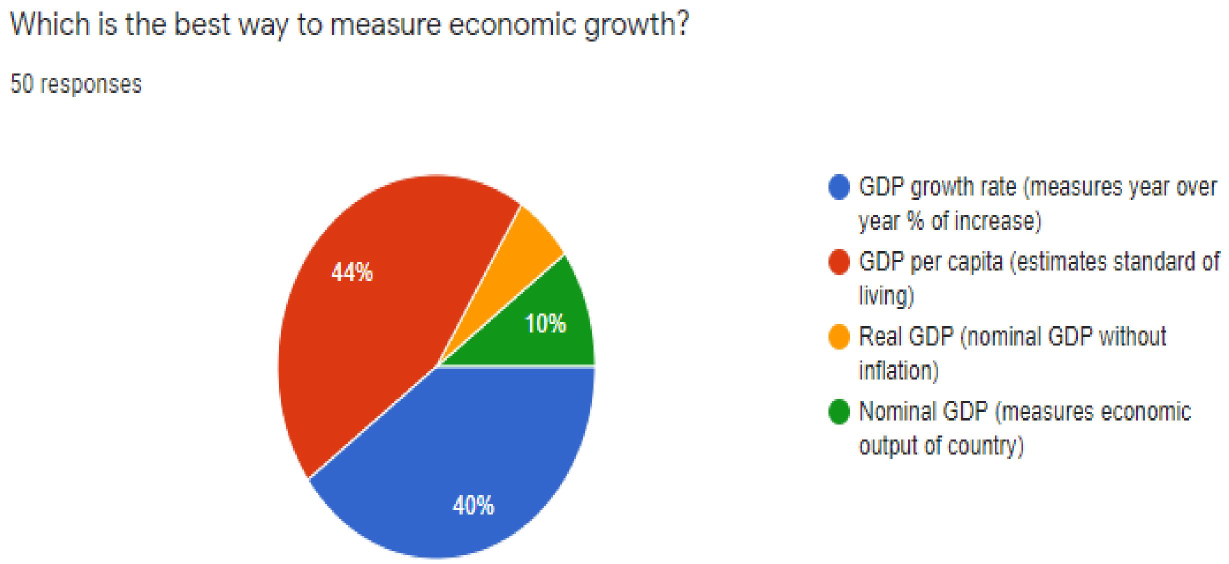


Table 4.1.6: On the basis of sector contribution

Sr. No.	Particulars	Frequency	Percentage
6	**Sector contribution for economic growth**		
	Service sector	22	44 %
	Manufacturing sector	17	34 %
	Agriculture	11	22 %

INTERPRETATION-

The above table shows which sector should contribute more for economic growth according to the respondent's answers. Here, 44 % respondents feel service sector should contribute more whereas 34 % respondents feel manufacturing sector should contribute more. Only 22 % respondents feel agriculture should contribute more for economic growth.

The responses received can be presented using Pie Diagram as follows: -

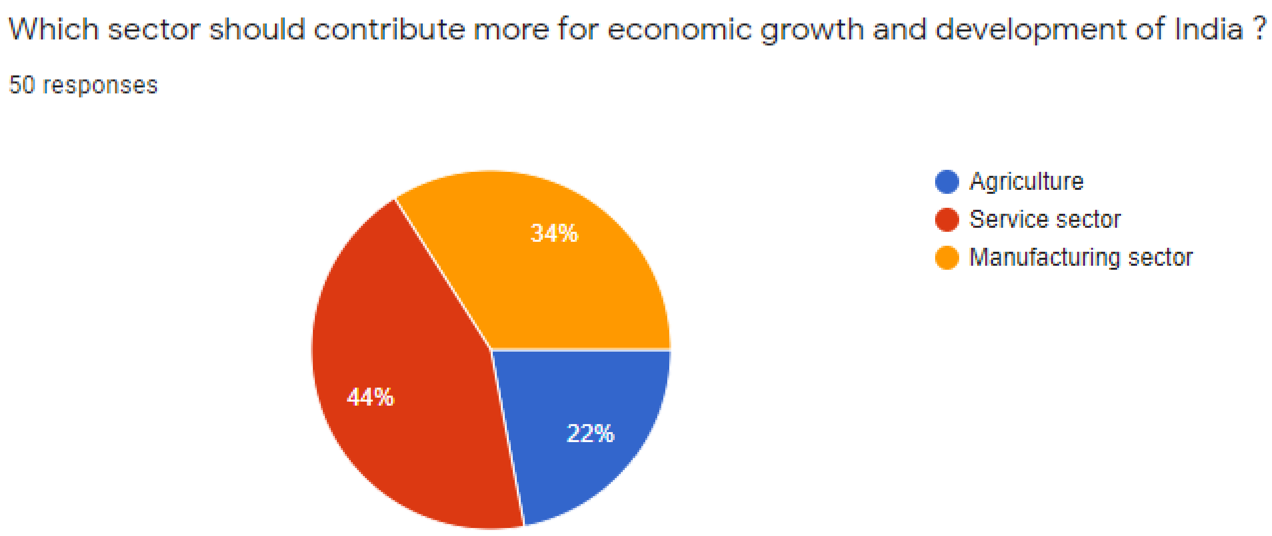


Table 4.1.7: On the basis of Best aspect for economic development and good lifestyle

Sr. No.	Particulars	Frequency	Percentage
7	**Best aspect for economic development and lifestyle**		
	Poverty	13	26 %
	Income inequality	2	4 %
	Unemployment	27	54 %
	Corruption	8	16 %

INTERPRETATION-

The above table shows which aspect should government focus for economic development and good standard of living according to the respondent's answers. Here, 54 % respondents feel unemployment should be tackled. Also 26 % respondents feel poverty should be reduced. And 16 % respondents feel corruption should be stopped and very few 4 % respondents feel income inequality should be reduced for economic development and good standard of living.

The responses received can be presented using Pie Diagram as follows: -

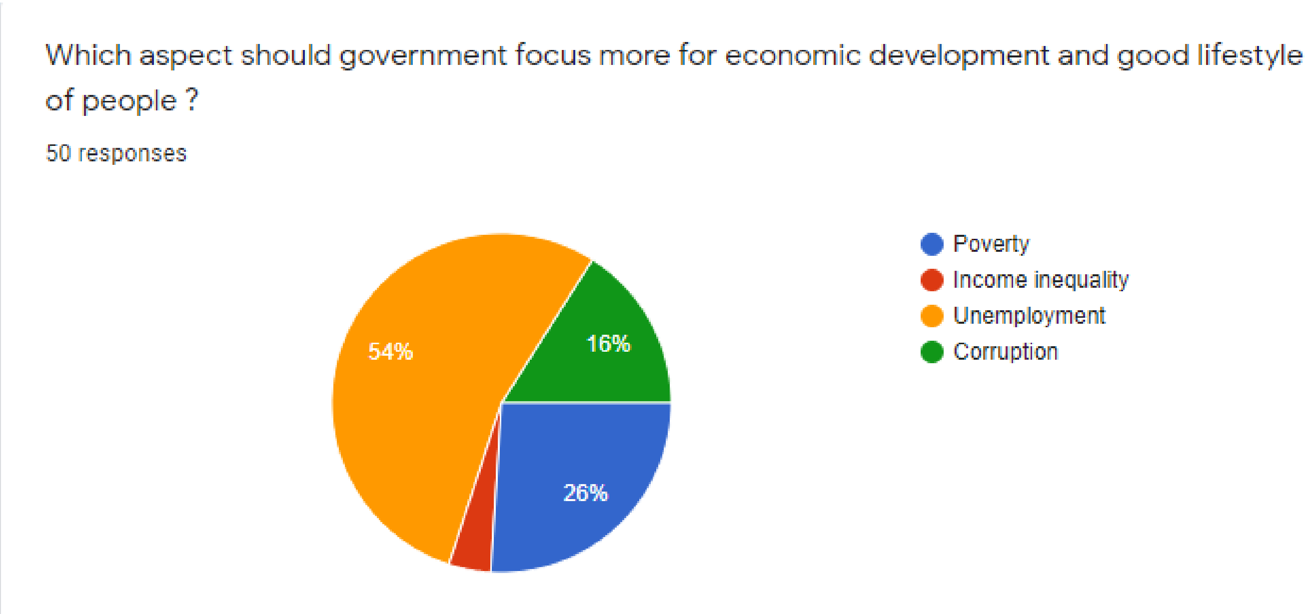


Table 4.1.8: On the basis of tariff rate changes

Sr. No.	Particulars	Frequency	Percentage
8	**Restrict trade policies with China**		
	Agree	30	60 %
	Strongly agree	13	26 %
	Disagree	1	2 %
	Strongly disagree	1	2 %
	Neutral	5	10 %

<u>INTERPRETATION-</u>

The above table shows whether India should restrict its trade policy with China according to the respondent's answers. Here, almost 86 % agree, 10 % are neutral whereas 4 % disagree.

The responses received can be presented using Pie Diagram as follows: -

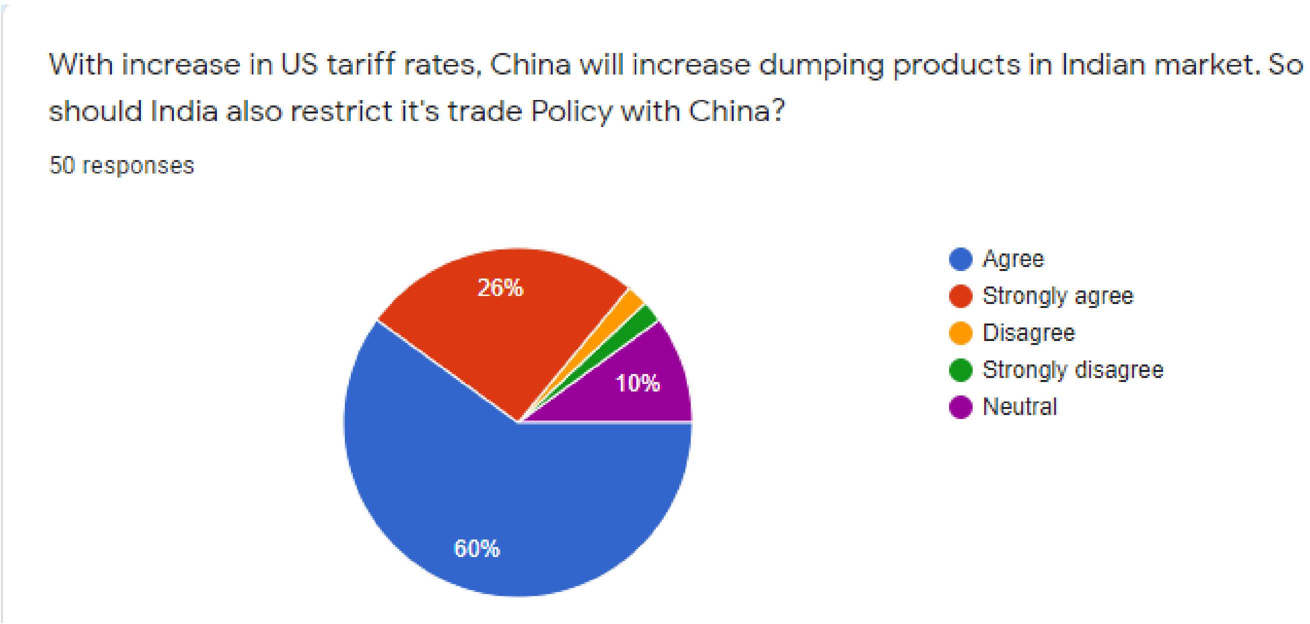


Table 4.1.9: On the basis of India’s Future GDP

Sr. No.	Particulars	Frequency	Percentage
9	**India’s Future GDP**		
	4% - 5%	9	18 %
	5% - 6%	13	26 %
	7% - 8%	26	52 %
	8% and above	2	4 %

INTERPRETATION-

The above table shows what India’s Future GDP would be according to respondents answer. Here, 52 % respondents feel India’s GDP would be between 7% - 8% whereas only 4% feels it would be more than 8%. 26% respondents feel it would be between 5% - 6% and 18% respondents feel India’s GDP would be as low as 4% - 5%.

The responses received can be presented using Pie Diagram as follows: -

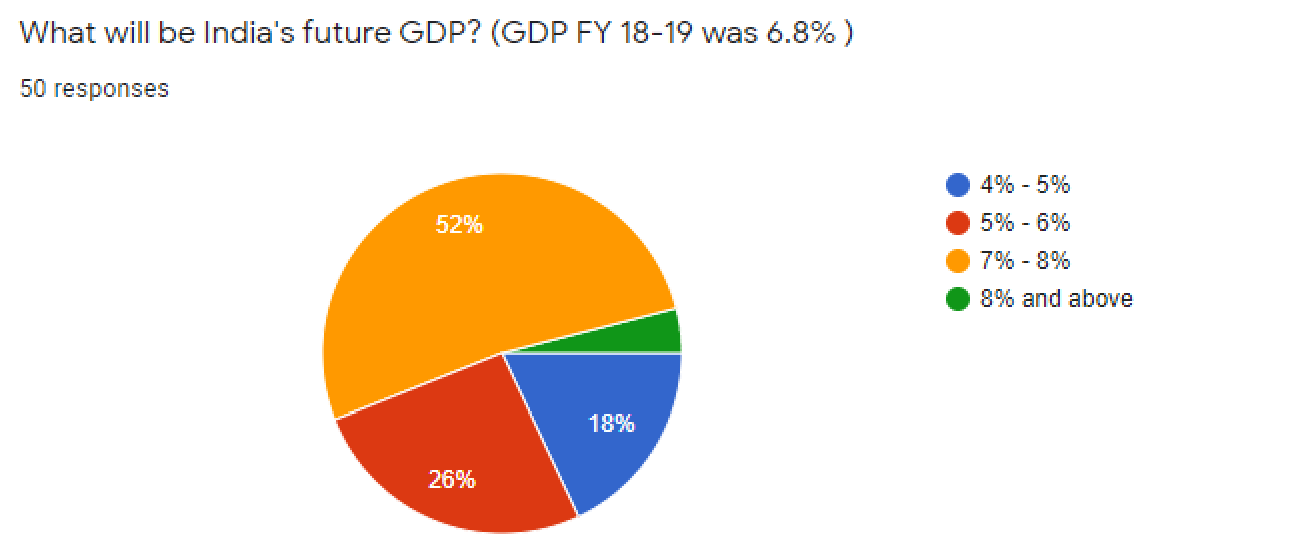


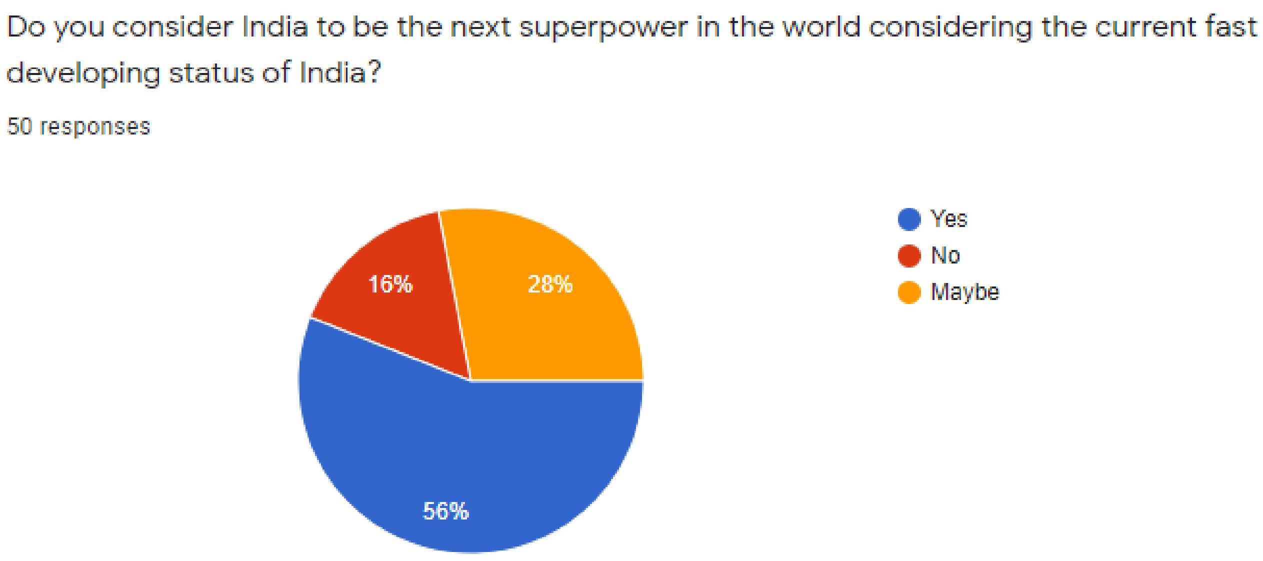
Table 4.1.10: On the basis of whether India would be next superpower in the world

Sr. No.	Particulars	Frequency	Percentage
10	**Would India be next superpower**		
	Yes	28	56 %
	No	8	16 %
	Maybe	14	28 %

<u>INTERPRETATION-</u>

The above table shows whether India would be next superpower according to the respondent's answers. Here, 56 % respondents feel India would be superpower whereas only 16 % feel India would not be superpower. Rest 28 % respondents are unsure whether India would be superpower.

The responses received can be presented using Pie Diagram as follows: -



Findings

The following findings are based on observation dining the study period:

- It is found that 44 % respondents belong to age group of 18 – 20 years old.
- As most of the respondents are students, 56 % are not employed whereas rest 44 % respondents are employed.
- It is found that 40 % respondents think Demonetisation had most unfavourable impact on Indian economy.
- It is found that 34 % respondents think GST had most favourable impact on Indian economy.
- It is found that 44 % respondents think GDP per capita is the best way to measure economic growth.
- It is found that 44 % respondents think service sector should contribute more for economic growth.
- It is found that 54 % respondents think government should focus more on unemployment issue for economic development and good lifestyle of people.
- It is found that 86 % respondents agree that India should restrict its trade policy with China to prevent dumping of Chinese goods in Indian markets.
- It is found that 52 % respondents think India's future GDP would be between 7% - 8%.The export of services is expanding.
- It is found that 56 % respondents think India will be the next superpower in the world.

Conclusion and Suggestions

Future is always uncertain and full of risk. We don't know what is going to happen tomorrow. We cannot accurately predict the economic conditions in India in future years. But we can come to conclusions based on previous trends and facts. Since the start of 21st century, annual average GDP growth rate has been 6% - 7% and from 2014 to 2018, India was the world's fastest growing major economy surpassing China.

The economy slowed down in 2017 due to shocks of demonetisation in 2016 and introduction of GST in 2017. Demonetisation was initiated with a wide array of motives like stripping the Indian economy of its black money, push people to pay taxes for unaccounted pile of cash, curb terrorism, promote the digital India movement and make India a cashless economy. The biggest negative impact which demonetisation had was economic slowdown. Note ban caused loss of earnings for many unorganised sector workers and retailers.

GST was actually beneficial for Indian economy.GST removed cascading and thus reduced prices of most of goods which increased consumption and directly increased the GDP. Directly GST will increase the investment in FDIs and indirectly increase the employment opportunities.

The service sector is the key driver of India's economic growth. The sector has contributed 54.17 % of India's Gross Value Added in 2018-19. The export of service is expanding. Also employment opportunities have increased. Also service sector in India is the largest recepient of FDI in India. Leisure and business travel and tourism, IT, healthcare companies are booming in India having positive impact on economic growth.

China is India's largest trading partner. Bilateral trade policies are followed. Despite growing economic and strategic ties, there are several hurdles for India and China. India faces trade imbalance heavily in some favour of China. With increase in tariff on Chinese exports by US, China will search for market where it can dump its products. With 1.3 billion population and resonable purchasing power, India will provide readymade market for chinese products resulting in increase in Chinese exports to India and increasing trade deficit.

This will also lead to fall in Indian rupee's value. Nonetheless, there will be opportunities for India to increase its exports to US and China. So the government should review such regulations.

India's GPD fell from 8.2 % in 2016-17 to 7.2 % in 2017-18 to 6.8 % in 2018-19. Currently India's GDP of 4.5 % has hit over six year low in July to September of 2019 whereas GDP in October to December of 2019-20 is 4.7 %. India is facing economic slowdown. The slowdown has been across most segments like manufacturing, construction, etc. The sharp slowdown in financial, real estate and professional services and private final consumption on expenditure side is worrisome.

So the government should start intiatives to increase the demand in market by increasing government expenditure to increase cash available with people. Government should also increase its exports and create more opportunities for foreign investment. Simplified tax structure, supporting and promoting MSME would also help.

Along with economic growth, economic development ie. growth of standard of living of people is aslo essential. With a population of 1.3 billion, issues like unemployment, illiteracy etc are leading to vicious circle of poverty. These major social issues are also required to be tackled.

To conclude, if India wants to sustain and raise even higher its current growth, the main bottlenecks in the Indian economy will need to be addressed. These are infrastructure (roads, expensive freight rates, power supply, ports, and airports), labour and bankruptcy regulations, and the high level of corruption in the government bureaucracy.

In addition, the current erratic and low growth pattern of the agricultural sector, and the rising inequality—between states, between rural and urban areas, and within urban and within rural areas mainly are a concern.

Of these numerous factors, we have addressed only a few in this study paper. Each of these factors deserves inquiry, research, and policy initiatives.

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Appendix

Questionnaire:

a. What is your age?

b. Are you employed?

c. Which decision had most unfavourable impact on Indian economy?

d. Which decision had most favourable impact on Indian economy?

e. Which is the best way to measure economic growth?

f. Which sector should contribute more for economic growth and development of India?

g. Which aspect should government focus more for economic development and good lifestyle of people?

h. With increase in US tariff rates, China will increase dumping products in Indian market. So should India restrict its trade policy with China?

i. What will be India's future GDP? (GDP FY 2018-19 was 6.8 %)

j. Do you consider India to be next superpower in the world considering the current fast developing status of India?

THANK YOU