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Growth with Self-reliance Principle

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Abstract

We will celebrate next year the 75th anniversary of Independence in August 2022, and the 75th anniversary of being a Republic and Sovereign country in four years hence. We are about to overtake China as the most populous country. With GDP of size of less than Rs 900 crore at the time of independence now are about to cross $ 3 trillion. India's road ahead, however, was rocky and uncharted, and the challenges enormous. Close to half its 376 million people were mired in grinding poverty, malnutrition and illiteracy. Though majority of our population is dependent on agriculture its contribution to GDP is less. Agriculture's contribution to our India's Gross Domestic Production has decreased from nearly 54 per cent at the time of India's independence to nearly 17 per cent as of now, but it still accounts for employment of nearly 60 per cent of India's population. India's share of world income was just 3.8 per cent in 1950s, and foreign trade was almost non-existent, the reforms initiated by the Government took slow growth till 1990s. Economic liberalisation in 1991 paved the way for faster economic growth with employment and investment by MNCs in core sector. The core sectors like Steel and Mines, Automobiles and Electricity generation etc. are seeing growth with increasing demand. Highways and houses are now being constructed at faster rate aided by number of schemes announced by the governments from time to time. We can see about 59 lakh kilometres of roads network and highways, which is the second largest network in the world. Over 90 million toilets built by 2019 have aided in preserving our ecology, in reducing pollution. A UNDP report of 2019 gives the very good correlation between economic development and well-beingness. The improvements in sanitation and nutrition helped India lift over 270 million people out of poverty in the last fifteen years. There are many challenges we will face. We still have to provide affordable healthcare to reach the WHO criterion. The COVID pandemic and the massive economic crisis caused by the lockdown have affected our growth target but far better than the developed nation in saving lives of people. The government announced self-reliance i.e. Atma Nirbhar Movement last year to help local industries and service sector. The economic activities are gathering momentum in the last six months. Many of industries are reaping the benefits slowly. In Defence sector we can see self-reliant in procuring components that can boost industries. Once the core industries focus on self-reliance the MSME sector will bear fruits that will help employment, consumption and saving and improvement in service sector.

Keywords: GDP, Growth, crisis, Self-reliance, Economic development

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INTRODUCTION

With economy of size of less than Rs 900 crore at the time of independence now we are about to cross $3 trillion. Though majority of our population is dependent on agriculture its contribution to GDP is below 20%. India's share of the world-income was below 4 per cent in 1950, and foreign trade was almost very minimal. Achieving 10 trillion dollar economy is about five years away.

India's road was uncharted since gaining independence. There was Kashmir war in 1947-48 at the time of independence and facing refugee crisis was a huge challenge. It was followed by Unification of all princely states which was effectively handled by Sardar Patel. All these issues were solved in short span of time. But 1962 War with China put heavy pressure on economy and followed by 1965 and 1971 war put additional burden. Else India would have equalled South Korea by now.

Close to half its 376 million people are in poverty with other problems like malnutrition and illiteracy. We have the world's second-largest population size of about 70 million living in poverty (under $1.90 or approx. Rs 138 a day. In 1911 per capita income was just Rs 27 [1].

The reforms initiated by the Government took slow growth till 1990s. Economic liberalisation in 1991 paved the way for faster economic growth with employment and investment by MNCs in core sector. The core sectors like Steel and Mines, Automobiles Electricity generation etc. are seeing growth with increasing demand. Agriculture's contribution to India's Gross Domestic Production has gone down from nearly 54 per cent at the time of the independence to nearly 17 per cent now, but it continues to account for employment 60 per cent of the population.

Highways and houses are now being constructed at faster rate aided by number of schemes announced by the governments from time to time

We can now boast of about 5.9 million kilometres of roads, which is commendable in the last decade and this is the second-largest network in the world. In railway front Government has been on electrification of the routes and doubling of tracks wherever possible which will save over Rs 18000 crore yearly and hence can save huge foreign exchange on petroleum front. India had only 39,712 miles of rail route in 1928 now it has expanded to 61,662 miles of running track.

With aim of preserving our ecology and in reducing pollution 90 million toilets built by 2019. A United Nations Development Project UNDP report of 2019 offers the very much correlation between well-beingness and economic growth. The improvements in sanitation and nutrition helped India lift over 250 million people out of poverty in the period 2006–2016.

One in every six of India's 191 million (19 crore 10 lakh) rural households, have a proper water tap facility for potable water facilities. Nearly seven out of ten Indians live in the rural areas, and most notable point is that small and marginal farmers earn on an average approximately Rs 80,000 per annum [2].

Contribution of agriculture to India's GDP has decreased from 54 per cent at the time of Independence to nearly 17 per cent now, but it still accounts for employment of about 60 per cent of the India’s population. Upgrading facilities, infrastructure in congested urban areas, which will house about 40 per cent of India's population by 2030, is another important step which needs urgent attention.

There are over twenty key sectors which will deliver well-being to its citizens. These include infrastructure, energy, defence, health, water, labour, environment sectors. Others sectors are also equally important like law and justice, rural and urban development, women's welfare, scheduled castes and tribes, science and technology, and sports. The challenges posed by these sectors are manifold. They range from boosting installed capacity of electrical energy from non-fossil fuels from the 7 per cent that was in 2015 to about 40 per cent by 2030, to something as providing 127 million rural households with drinking water by 2024. The government will be adding about 60,000 km of roads network over the next years.

Last year Government embarked on ambitious “ATMA NIRBHAR SCHEME” which means Self-reliance scheme. In Hindi or Sanskrit it called Atma nirbhar scheme. At the time of Lockdown imposed in March 2020 BSE 30 Sensex fell to lowest to touch below 10,000 and boomed to cross 50,000 within a span of a year which indicates growing economic activities and fundamentals of economy are strong [3].

Atma Nirbhar scheme has thrown number of opportunities on Indian manufacturers and boosting employment and growth. Leading defence suppliers such as Bharat Electronics Ltd (BEL) have been in focus with the government's increasing emphasis on Atma Nirbhar Bharat. The standoff with neighbouring country China will pave the way for increased defence spending in near future that the Centre will focus more on defence allocation, and benefitting companies as Bharat Electronics (BEL). The stock price could jump to high level, nearly doubled since the low level of March 2021 but continues to gain as the BEL stock is near its 52-week high. Better-than-expected September quarter performance, strong order inflows, and firm growth guidance are among the key reasons for facilitating small scale and medium scale industries in supplying components.

Organization for Economic Co-operation and Development (OECD) has set the projection for India’s economic growth rate nearly 4.7 per cent age points at 12.6 per cent for year 2021-22. That would make India to retain its earlier tag of the fastest growing large economy in the world.

The positive growth trend in the automobile sector continued in February 2021 too with many a manufacturer, in both the passenger vehicles segment as well as two-wheelers segment, reporting year-on-year growth in the domestic market segment.

In the passenger vehicle (PV) segment, auto market leader Maruti Suzuki Ltd reported a growth of 8 per cent YoY in its domestic wholesale at nearly 1,44,000 units during the month compared with 1,33,000 units in the corresponding month last year. The second largest passenger vehicle maker Hyundai Motors India ltd (HMIL) reported strong growth of about 29 per cent ear on year to 51,600 units against 40,010 units in month of February 2020.

The Online transactions are rising which is indicator of economy adopting digital mode which will be more transparent, hassle free. Niti Ayog chairman Shakti Kant Das further added that United Payment Interface (UPI)s transaction value jumped about 76.5% while the transaction value soared nearly 100%. The UPI recorded about 2.3 billion transactions worth Rs 4.3 trillion in Jan 2021. On a YOY basis, UPI's transaction value jumped 76.5 % while transaction value jumped nearly 100%. It took UPI 3 years to cross 1 billion transactions a month. Next billion came in less than a year.

India global R and D to hit 63 billion by 2025, Electronic exports high Rs 8806 crore in Dec 2020. Prime Minister Narendra Mod at Economic Times global summit on Decemebr 4, 2020 said while 4,000 patents were granted in 2013–14, more than 13,000 were approved in 2017–18. Similarly, he said, the number of trademarks registered had gone up from around 68,000 in 2013–14 to 250,000 in 2016–17. India is home to start up hubs. Today, 44 per cent of the start-ups registered in India are from tier-2 and tier-3 cities. Increasing IPOs like Nazara technologies registering 175 times oversubscription are a way forward for Stock market booming [4, 5].

CONCLUSION

The COVID-19 pandemic and large scale economic destruction caused by the recent lockdown have undoubtedly dealt a blow to the GDP targets. The World Bank predicts that India's economy will likely grow by 11.5 per cent this year and by 6.8 per cent in 2022.

COVID-19 has thrown biggest challenge but India overcame it with minimum death rate as compared to US and Brazil. Vaccines produced in India are exported to over 50 countries speaks capability of India in achieving mighty power. As vaccine are being administered with number touching over 12 crore by first week of April 2021 India is fully geared up to overcome challenges.

By June 2021 COVID problem will be wiped out. Then there will be enormous potential for employment, growth in all sectors like Manufacturing, tourism, pharma and health care, Defence exports and un doubtedly Software and ITES. India can achieve 10 trillion dollar economy by 2025-26.

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