

Various Economic Policies for Sustainable Development in India

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Introduction:

Government Policies decides the directions of any economy. Political and economic policies go hand in hand for the welfare and development of any nation like India. Both, the political and economic engines decide and determine the destiny of any nation. The complexities that drive a diverse nation's growth engine seldom make it possible to pass a clear verdict on whether the Government is a hit or miss in steering the nation in the right direction of inclusive economic growth. In 2014, the Modi Government assumed office after a resounding victory in the general elections, earned on its twin agenda of economic growth and development. Two years later, the Modi Government has much to celebrate. As highlighted by the finance minister Arun Jaitley, India's economic metrics indicate growth despite the global economic slowdown and contraction in international trade. During Modi Government's term, India's GDP has accelerated to 7.6 per cent, CPI inflation has decreased to 5.4 per cent, foreign exchange reserves sit at a high of \$350 billion and current account deficit has declined by \$4 billion since early 2015. In this context, it is necessary to critically examine Impact of Government Policies on Indian Economy from critical economic perspectives.

Objectives:

The study has followed some objectives:

- To study of Economic Growth of India.
- To analyses the Government's Role in Economic Growth.
- To study of Government Policies for India's Economic Growth.
- To analyses the positive and negative impact of demonetization on the Indian economy.
- To study of Modi's government 10-Step Plan.

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Methodology:

The paper has been developed on the basis of secondary data. The data has collected through research journals, newspapers, government reports and internet sources.

What Type of Economy Is India?

India has a mixed economy. Half of India's workers rely on agriculture, the signature of a traditional economy. One-third of its workers are employed by the services industry, which contributes two-thirds of India's output. The productivity of this segment is made possible by India's shift toward a market economy. Since the 1990s, India has deregulated several industries. It's privatized many state-owned enterprises and opened doors to foreign direct investment.

Economic Growth of India:

The efforts of the Indian government and the hard work of the general public have paid off. India has become one of the fastest growing and developing nations. Our country has made good progress in various industries during the last few decades and this has led to its economic growth. Information Technology, infrastructure, retail, financial services, automotive and healthcare are among the sectors that have seen a major boom lately. These are growing at a steady pace and are contributing majorly to the country's economic growth.

The average GDP of our country is around 7 percent. India stands at the seventh position worldwide when it comes to GDP. However, even as India has attained this stature, the picture is not all rosy. The main problem of our country is unequal distribution of wealth. While a good amount of our population is earning well and is contributing towards the country's economic growth, many people are still not able to make their ends meet. There are still many people in our country who are living below the poverty line. The economic growth of our country is of no good if such extreme poverty still persists.

Government's Role in Economic Growth

The government identified these problems as hindering the economic growth of the country and established policies to curb them. Promotion of cottage industry, providing fair wages to the labourers and providing enough means of livelihood to the people were some of the policies laid by the government for the country's economic growth.

1. The Rise of Industrial Sector:

The government of India also promoted the growth of small scale and large-scale industry as it understood that agriculture alone would not be able to help in the country's economic growth. Many industries have been set up since independence. Large number of people shifted from the agricultural sector to the industrial sector in an attempt to earn better.

Today, we have numerous industries manufacturing large amount of raw material as well as finished goods. Pharmaceutical industry, iron and steel industry, chemical industry, textile industry, automotive industry, timber industry, jute and paper industry are among some of the industries which have contributed a great deal in our economic growth.

2. The Growth in Service Sector:

The service sector has also helped in the growth of our country. This sector has seen a growth in the last few decades. The privatization of the banking and telecom sectors has a positive impact on the service sector. The tourism and hotel industries are also seeing a gradual growth. As per a recent survey, service sector is contributing to more than 50% of the country's economy.

Government Policies for India's Economic Growth:

Handling the economic condition of the country was one of the main challenges for the newly formed Indian government. In order to ensure an upward graph, it came up with the following policies:

- Ample means of livelihood to the citizens of the country.
- Equal pay for equal work without any gender bias.
- Improvement of public health and standard of living.
- Prevent concentration of wealth.
- Distribution of the ownership of community's material resources.
- Reasonable wages for workers so that they afford a decent standard of living.
- Promotion of cottage industry by state.

Positive and negative impact of demonetization on the Indian economy:

The news of demonetization was a big shocker for every Indian. In November 2016, Prime Minister, Narendra Modi announced the scrapping of high value currency notes in an attempt to bring down the black

money accumulation. The decision was also aimed at promoting the use of plastic money. However, it called for a lot of discomfort and discontentment among the general public. While the short-term effects of demonetization were devastating, this decision did have a brighter side when looked at from long term perspective. Here is a look at the positive and negative impact of demonetization on the Indian economy:

Positive impact of demonetization on the Indian economy:

- Break Down of Black Money

Black money accumulation impacts a country's economy negatively. Many businesses in India work on the power of black money. Demonetization helped in closing these businesses and destroying the black money accumulated by the people of India thus having a positive impact on its economy.

- Decline in Fake Currency Notes

A number of fake currency notes were being circulated in the country having a bad impact on its economy. Demonetization helped in doing away with the high value fake currency notes.

- Increase in Bank Deposits

The circulation of the old currency notes was banned with immediate effect. All those who had this currency notes required depositing them in the banks so that their money did not go wasted. Cash amounting to trillions of rupees was deposited in the Indian banks and this led to an increase in the GDP of the country.

- Real Estate

Real Estate is one industry that runs largely on black money. Demonetization stopped the flow of black money in the real estate sector to ensure a fair play.

- Increase in Digital Transactions

The cash crunch in the market encouraged people to make digital transactions. Almost every shop/ clinic/ institute in the country installed machines to accept debit/ credit card payments. Over the time people grew more accustomed to using plastic money. This is a great way to track tax evasions and grow the company's economy.

- Cutting Monetary Support for Terrorist Activities



Anti-nationals support terrorist activities in the country by providing monetary support to the terrorist groups. This money is used to purchase arms and plan terrorist activities in different parts of the country. Demonetization helped in cutting down on the monetary support provided to the terrorist groups to a large extent. It, thus promoted peace and helped the country prosper at various levels.

Negative Impact of Demonetization on Indian Economy:

Most of the positive impacts of demonetization are said to be long term. We may begin to see our country's economic growth with the positive changes brought about by demonetization in a few years from now. However, the negative repercussions of demonetization on the Indian economy have been tremendous. Many of our industries are cash driven and sudden demonetization left all these industries starving. Many of our small scale as well as large scale manufacturing industries suffered huge losses thereby impacting the economy of the country negatively. Many factories and shops had to be shut down. This did not only impact the businesses but also the workers employed there. Several people, especially the labourers, lost their jobs. The agricultural sector, industrial sector as well as the service sector was hit badly by demonetization.

Conclusion:

The government of our country has taken several initiatives to ensure the economic growth and development ever since independence. Many of these initiatives have proved to be fruitful and have contributed to the country's economy. The sharp mindedness of the Indian youths and the numerous initiatives taken by the Indian government has collectively contributed to the economic growth. Demonetization had both positive and negative impact on the country's economy. The implementation of this policy is said to be largely flawed. The present government introduced number of welfare and employment generating programmes to increase the Indian National Income and gross employment level of India. These policies are good but failed due to wrong implementations.

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