
Indian Economy: Current Trends & Future

NIKET SHARMA

Department of Economics, Jagran Lakecity University, Bhopal
Email: jagraneip@gmail.com

Abstract: India has increasingly been regarded as an engine that will power future global development. This is good reason to look at the economic prospects of India over the current decade. The Indian economy is the fastest growing major economy and in the coming years it is expected to grow faster. During 2018-19, however, the economy of India appears to have slowed significantly. The proximate factors responsible for this slowdown include rising private consumption growth, a modest increase in fixed investment, and exports that are quite. On the supply side, the challenge is to reverse the agricultural sector's decline in growth and maintain industry growth. On the external front, the current account deficit as a ratio to GDP is likely to decline in 2018-19, thus reducing the economy's leakage of growth momentum. Monetary policy has sought to provide growth momentum with a fillip through repo rate cuts and bank liquidity easing. Low inflation has provided the room for this monetary easing in 2018-19, although it has started to rise in the last few months of the year. Growth has tied up, deflation has decreased, budget and trade deficits have shrunk. The Government of India has also adopted policies and reforms to promote investment, increase efficiency and ensure monetary stability. The strong long-term growth potential of India, driven by demographics, urbanisation, and productivity-enhancing reforms, nevertheless indicates that trade expansion between china and india will continue in the upcoming months.

Keywords: Recent Trends, Indian Economy, GDP, Future, Goods and Service Tax, Economic Growth, Investment, World Economy Forum.

INTRODUCTION

The current decade will be full of profound changes that will pose both challenges and opportunities for us. The forecasts for the current decade will help us to plan and seize opportunities for future challenges. Over the current decade, economic growth will bring challenges in meeting growing energy needs in ways that are cost-effective, efficient and consistent with the climate. During the current decade, strains on natural resources will intensify. Increased demand and environmental concerns would require creativity. The solution will need to be focused on technology that meets increasing demands for energy that is cost-effective, safe and environmentally friendly and reduces natural resource dependence. The global market was in difficulty at the edge of the nation's independence. The government responsible for breakthroughs in agriculture and industry refused even to play a minor role in this respect. On the other hand, during the six-half century before India's independence, the world saw rapid growth and expansion in agriculture and industry, at the request of the active states. The average annual GDP growth has been 6 to 7 percent since the beginning of the 21st century and India has been the fastest-growing largest economy in the world from 2014 to 2018, surpassing China. In history, India has been one of the world's largest economies from the 1st to the 19th centuries for the majority of the two centuries. In the following years, the market size of India is projected to increase in a booming 6 TN dollar, according to a recent study released by the World Economy Forum (WEF).[1].

Economy Of India

Owing to the relatively low dependence ratio of its young people, good savings and investment rates, the Indian economy's long-term growth outlook remains optimistic and is growing integration into the global economy. Thanks to "demonetization" shocks in 2016[2] and the implementation of goods and services tax in 2017, the economy slowed in 2018. Around 60 percent of India's GDP is driven by domestic private consumption and continues to be the world's sixth largest consumer sector. Indian GDP is driven by government expenditure, output and exports in addition to private consumption. India was the world's tenth-largest importer in 2018 and the world's 19th-largest exporter. India has been a member of the World Trade Organization since 1 January 1995, as seen in Figure 1. It ranks 63rd in the facility's market index and 68th in the worldwide competitiveness report. The Indian labor force, with 520 million jobs, is the second largest in the world as of 2019. Since India has a large informal economy, only 2% of Indians pay income taxes. In order to stimulate growth and build demand, India introduced stimulus measures (fiscal and monetary). during the global financial crisis of 2008;

economic growth revived in subsequent years. According to the 2017 report of PricewaterhouseCoopers (PwC), the purchasing power parity of India's GDP could exceed that of the United States by 2050. Asia Emerging and Developing: from 2014 to 2024 (US\$ billion) the gross domestic product (GDP) was shown in figure.2. In order to achieve sustainable economic growth, the World Bank notes that India should concentrate on public sector reforms, infrastructure, agricultural and rural growth, removals of regulations relating to land and labour, financial inclusion, spreading private and export investment, education and public health[3].

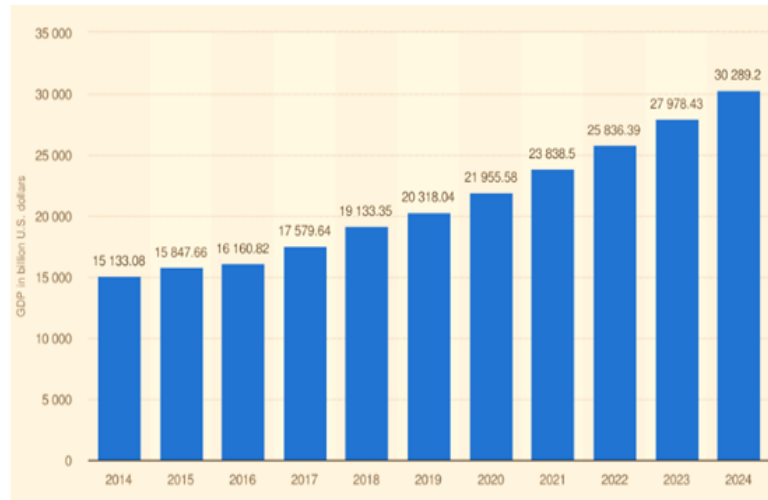


Figure. 1: Emerging and Developing Asia: Gross Domestic Product (GDP) from 2014 to 2024 (In billion U.S. Dollars)

Asia's GDP will surpass the remaining total GDP worldwide in 2020. By 2030, around 60 percent of global growth is expected to contribute to the region. Asia-Pacific is also responsible for the vast majority (90%) of 2.4 billion new middle class members entering the world economy. The majority of that development will originate from China, India, and all over South-East Asia's developing markets, giving rise to a host of new industry, policy, and NGO decision-making. As these projections reflect significant demand growth, the truth is that consumer habits will evolve differently on different markets with growth rates depending on local demographics and other macro factors. For example, as the Future of Consumption in Research conducted by the World Economic Forum on Fast-Growth Consumer Markets shows that China's ageing population will negatively impact on population dividends, but growing incomes, urban migration, employment in services and planned household savings rates would raise consumption. India and the emerging middle class will fuel huge population dividends and help economic growth in a country.

The Biggest Economies In The World

India will become the fifth largest economy in the world this year and by 2025 Japan will be surpassed. In the latest annual economic survey, the Minister of Finance published an economic roadmap for 2025 following the reelection of the BJP government led by Prime Minister Narendra Modi for a second term in May 2019. The main goal is to transform India, which will rise to the highest middle-income countries, from \$3 trillion in 2019 to a \$5 trillion economy by 2025. "The study showed that in 2019 India will overpower Great Britain to become the fifth largest world economy," she explained. "India predicts Indian GDP will cross 5.9 trillion dollars in 2025, which exceeds Japan's GDP to make India the world's third largest economy."

The Indian consumer market, on the other hand, is projected to rise by \$3.6 trillion by 2025 from \$1.9 trillion in 2019. "The size of its consumer market is continuing at fast pace," said IHS. However, the country's new economic roadmap emphasises the importance that a virtuous cycle of investors can be developed, which is why India can also play an increasingly significant part as one of the major drivers of economic growth in the Asia-Pacific region and contribute to driving global trade and investment flow.

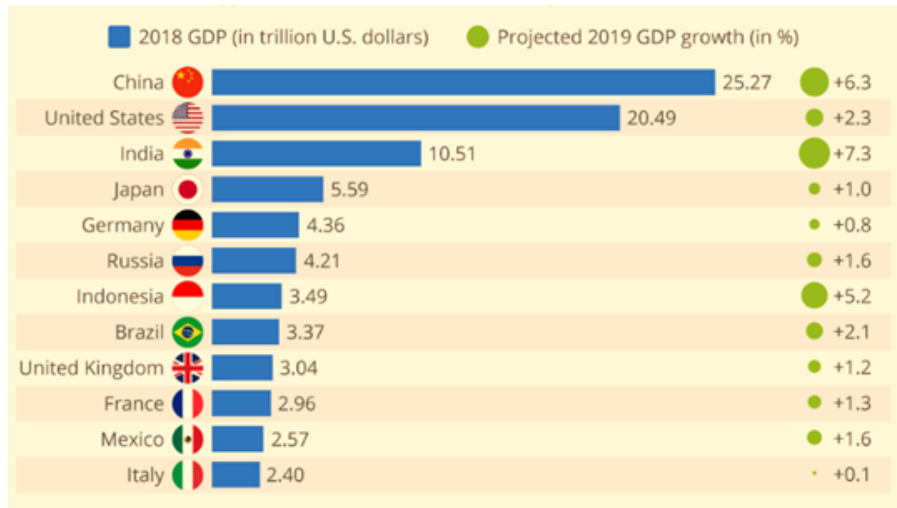


Figure.2: Countries with biggest GDP in the World and their Growth Outlooks

Country With Increasing Prospects

India is young; about 65% of its population is younger than 35. India is a young country. It has an ability to promote economic growth, backed by its increasing working-age population. Since 2000, the compound annual growth rate for the population (CAGR) of 2 per cent has been regarded as India's demographic dividend. The country is projected to add almost 10-12 million people a year to its labour force over the next two decades and by 2030 the working-age population will cross Marks 1 billion. (Figure 1.) As other rising frugalities face a quickly growing populace, the demand for skilled workers worldwide could be met by the young population of India. India, however, If it is not able to build quality employment opportunities on a scale and to train, it will risk squandering this demographic opportunity. The standard employment of India would prove as significant as quantity if more knowledge was available and the aspirations among young people in the country were increasing.

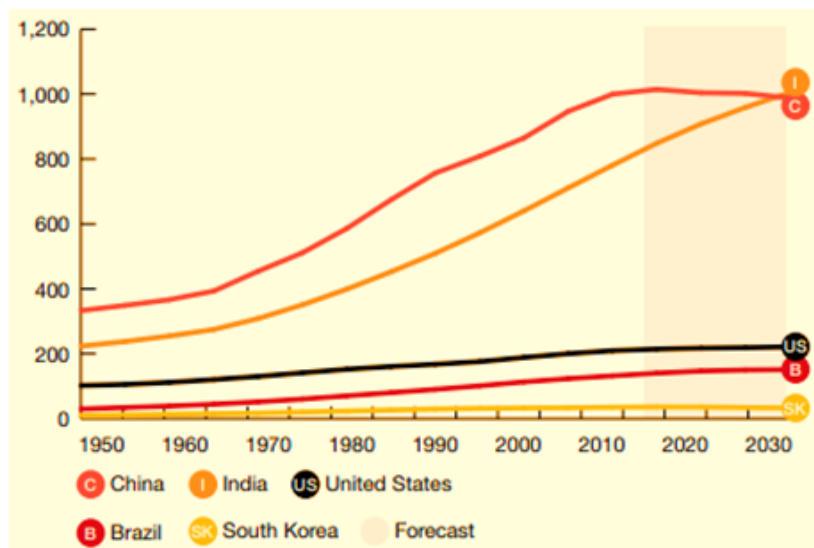


Figure.3: India's working-age population

The emergence of new technology has triggered social change in India, which is difficult to quantify, especially mobile technologies as shown in figure 3. It is possible to quantify the growth and development of smartphones, internet and social media, but it represents changes in society. The principles and conceptions following these shifts are even more overwhelming in the United Nations Development Programme. Thousands of people with little chance to enter the national speech will now gain new insight into their country. Agriculturists know crop prices. The global quality of goods and services levels are accepted by customers. Rural Indians recognise the

distinctions between and their urban counterparts' opportunities. And there is a public forum for people to share their political views[4]. The ultimate outcome of this networking movement was Indians empowerment[5].

The Emerging Class Rouses

As people alter their purchasing performance, demand frequently results in nonlinear changes. The aggregate request may appear linear, but typically demand spikes are difficult to explain at an individual level. For example, if a consumer is typically able to purchase a television, which is costly and features fancy, or if he or she generally travels with low-cost facilities. In India there are increasingly rising numbers of such customers. And they might potentially become one of the largest voices of reform, owing to their combined economic strength and an educated and discerning temperament. In India, a large emerging middle class is generated by the growth of a young population with increased revenues. This cohort could be up to 600 m high in 2021, according to PwC projections. In the meantime, the Indian population overall is projected to grow as the lower middle class falls by 460 metres to 290 metres, and the emerging mid, mid, and upper mid-class groups increase. By 2021, the combined emerging and middle-class segments of India will comprise almost 900 m of persons and exposed up novel business occasions. India's Policy Research Center has recently explored how the Nation's emerging and medium sized groups are among the most privatised in the world, which means that members of these groups are increasingly providing private players with services such as security, education, health care, and utilities, creating new business opportunities. Moreover, this category is more technologically competent and discerning in terms of purchase choices. Companies would need to formulate new value proposals and then carry them out to succeed in this market through creative business models. New products have been introduced by companies based in India and internationally to help this local soq, and these developments have been methodically recognised by global media. However, businesses can not rely exclusively on established solutions and technology to assist Indians face potential challenges, such as increasing demand for inclusive development. It will take too long to achieve desired results using conventional methods. Alternatively, it needs nonlinear methods, and they are the subject of this research[6].

Top Accomplishment Sectors Of Indian Budget

With the New Economic Policy being introduced in 1991, India's economic economy was modified, the model of the mixed economy was ended and raj regime became licenced, and the Indian market was opened up to the outside world. Below is a summary of the Indian economy's top-performing industries[7].

Agricultural Sector:

Agriculture remains one of the Indian economy's most important industries. The country's share of GDP has decreased and currently stands at 14%. Over 50 percent of the country's total population is still reliant on cultivation, however. In view of this, the 2017-18 Union budget gave high priority to the agricultural sector and aimed to double the income of farmers by 2022.[8].

- State subsidies on agriculture are often high.
- In addition, crop trends have changed to cash crops like sugar cane and rubber.
- Implementation of supportive unindustrialized such as e-choupal etc.
- Agricultural land is used for manufacturing and profitable purposes, thereby strain the residual agricultural land.
- Most exportation markets for agricultural goods have been opened up.
- Food processing as 'Sunrise Market' is emerging.

Industry Sector:

Another important part of the Indian economy is the business market. Reforms like the end of the 'Raj' permit and the opening of the economy were welcomed in the country with a great deal of excitement and hope. The economy's manufacturing capacity has increased since 1991 as a result of these reforms.

- Manufacturing expansion, from conventional firm and sword to jute and vehicles.
- Production, distribution control and marketing.
- Reduced tapestry-red.
- Promotion of both domestic and FDI private investment.
- Transfer of technology and R&D benefits to the benefit of the budget.
- Joint-enterprises, public-private partnerships, MNCs come in models of investment.
- Private actors had the ability to join new markets which the government had previously monopolised.government.

Services Sector:

This was the area in which the New Economic Policy benefitted most. Banking, finance, business processes – particularly IT services – have been outsourced to the double-digit growth[9].

- On the global platform, Indian IT companies like Infosys, WIPRO and TCS have made their mark.
- The services sector accounts for 60% of the GDP contribution.

- India has emerged as the world's IT hub with its immense demographic dividend capacity.
- New job opportunities in this sector are being created.
- The opening up of the transport, tourism and medical industries has led to an increase in the competences of the package segment.
- RBI has switched from a supervisor to an organiser.
- Monetary investment category range.
- Improved forex assets substantially.

Food Processing:

As a development, high-profit industry, food processing has grown and is one of the priority sectors of the "Make in India" initiative. India has become the key attractive market for this industry, thanks to its wide range of raw materials, resources, favourable policies and numerous incentives. India has an enormous consumer base with a 1.3 billion population and an average age of 29, and a rapidly rising medium-size population which spends a great deal on food. In India, the total consumption of food and beverages on the market will be increased from US\$ 369 billion to US\$ 1,14 billion by 2025. During the same time, food processing industry production (at market prices) is expected to rise to \$958 billion. India is the world's second-largest food grain producer, second only to China. Due to increased urbanisation, income levels and strong food preferences, this sector has enormous potential in India. Visit the list of industries for more information on the food processing industry.

Manufacturing Sector:

In the near future, various government initiatives, including Make in India, MUDRA, Sagarmala, Startup India and Freight Corridors, will increase manufacturing sector's share. The manufacturing sector is the second-largest contributor to Indian GDP. However, if India is to boost GDP production to approximately 25%, its spending on research and development would have to be significantly increased by the industry. The amount of added value should be increased at all rates and the government should provide competitive remuneration to encourage people to enter the industrial sector.

Recent Unveiling In India's Economics

In addition to these innovations and improvements, it is important to tolerate in attention that an optimum degree of cooperation between the central and state governments is required in order to harness the economy's highest potential and ensure good governance. This will not only enhance our federal framework of cooperation, but will also improve India's economy. Such initiatives;

- Goods and Services Tax (GST)
- Startup India
- Insolvency and Bankruptcy Code (IBC)
- Digital India

Among others, they have made the country economy to jump 65 rank (in the last four years), easier to do market reports from the World Bank. These initiatives have cemented India's reputation as one of the few bright points otherwise in a dim world economy. India, assisted by stable macroeconomics with declining inflation and improving fiscal and external balance, is one of the fastest growing global economies. Not just that, the fact that India was put on the international market as a global participant was also one of the few countries introducing major structural reforms.[10]

Future Of Indian Economy

NITI Aayog published a detailed document entitled 'The Policy for New India' which aims to make India a TN \$5 economy by 2030. The key priorities are -

- i. Doubling the profits of farmers.
- ii. Build another all Indian talent pool, like All India Programs, for entries and states together.
- iii. This gives a big boost to the 'make in India' movement.
- iv. The tax-to - GDP ratio is reached by 22% by 2023-up from 17%.
- v. Attaining 36% by 2023 of the current 29% of the investment rate.

India is a rising powerhouse with a dynamic economic climate, led by unwavering political credentials and strong government leadership. Under Prime Minister Narendra Modi, India's last quarter growing amount was 7.7%. And with an increasing medium-sized and young population, the opportunity for entrepreneurship has never been better.

The New Focus On Sustainability

On the programme of regional governments and NGOs will be sustainability and its environmental, social, and economical effects. The formal definition and scope of business will continue, spanning from health and wellbeing to diversity and equity opportunities. Investors will have to play their part as well: many major investors in the Asia-Pacific region have begun to transition from primary industries such as oil and gas, mining

and agriculture to business modelling for environmental and social needs such as renewables and hospital networks that offer underserved communities greater access to healthcare.

Governments will have to do some good as this future unfolds. India would need to develop trade-reforms and investor-friendly reforms, promote social and financial inclusion, invest in soft and hard infrastructure and create public-private partnerships. To ensure competitive and properly educated workers, they will need to innovate and improve education. They need to balance technological innovation and the production of new employment and talent, economic growth and prosperity, and the benefits of scale of the economy and power emphasis in creating these changes. Southeast Asia 's capacity to live up to its potential for development would be a major factor in this.

CONCLUSION

This study of India's economic performance and policies should be concluded with a quick assessment of opportunities. The last record shows a strong economy and systemic maturity in several ways. It certainly emerged from the troublesome growth trend which became apparent until the mid-70s and was much better, especially in recent years. A 5 % growth rate is now undoubtedly durable and could be strengthened even in future if the important 12 unused potentials that have arisen from past economic investments are effectively exploited. Such advantages both in agriculture and in industry can be harvested considerably by current investment rates or modest changes. Policy steps are taken in the manufacturing sector to lead to this result. The combined impact of modest growth and a steady decrease in population growth would make the economy much more productive than in the past. The Indian economy has helped to achieve a strong growth potential based upon the growth of the work-age population and quick growth in labour productivity through a combination of economic reforms and reversal of a negative trade shock.

The government's economic reform programme to encourage urban development and the expansion of the manufacturing sector has allowed a reversal of company trust and strengthened investment growth. Therefore the Indian economy is now in a better position than just a few years ago despite the recent rupee depreciation rise. While domestic economic circumstances have changed, both goods and services have recovered in the imports and exports to India. In future Indian national policies, The scope for growth may be restricted by some forms of bilateral trade. However in areas like education services and agricultural products, the outlook for future growth and the current trade ties show that India will be able to benefit from increased trade in products and services in the years to come.

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