

## Stage set for faster Economic Development



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India, which accounted for 23 per cent of World GDP in the 18th century, became impoverished during nearly two centuries of British colonial rule. But it has come a long way since independence in 1947 to become a major emerging economy and World's largest democracy. As the nation celebrates its 70<sup>th</sup> year of independence, India can be proud of its achievements, thanks to its visionary leaders.

The Narendra Modi government in particular has given a new thrust to the socio-economic development during the last three years to take the country to the next and higher level of development to aspirational India, where 65 per cent of 1.25 billion people are less than 35 years of age. It is not a mean achievement that India's GDP has grown from a mere Rs 94 billion in 1950 to over Rs 130 trillion now.

In the Initial years India was on a consolidation mode and hence the emphasis was on development of basic and heavy industries to become self-reliant and ensure that there were no starvation deaths in the country as in the case of Bengal famine of 1942. The economy was in shambles at the time of independence, particularly after the World War two. It is the vision of our political leaders at that time made the country adopt mixed economic pattern with a socialistic bend to uplift the vast poor in the country.

India did not adopt extreme socialism like China or the erstwhile Soviet Union or extreme Capitalism. Several decades later the World had seen collapse of extreme socialism as witnessed in the Soviet Union and collapse of unbridled market economy in United States during the global financial crisis of 2008. India has been able to weather the storm during global economic crisis because of its mixed economic approach. The transition was smooth when India shifted gears from socialistic pattern of economy to open market economy in 1991. It also came unscathed during the East Asian currency crisis of 1990s and global financial crisis of 2008.

From a food grain importing country, India has become food grain exporting country and in recent years it even overtook Thailand to become World's largest exporter of Rice. Today India is among World's top producer in Milk, Sugar, fruits, Vegetables apart from food grains. India is also not far behind in production of cash crops like, rubber, cotton, tea, coffee and so on. However, despite record increase in agricultural yield, the farmers in the country are facing some tough time

because of debt burden, crop failures and not getting remunerative prices for farm produce. Some years there are gluts and some years there are shortages. Successive governments have come up with several steps to deal with the farmers' distress. A lot has been done, but much more is still to be done and rightly Modi government has embarked upon a plan to double the farm per capita income by 2022 so that rural India too can prosper. The attempt of the government during the last three years is therefore to make Indian agriculture smart. Just as the government has embarked upon Smart City project, the agriculture too is being made smart through programmes like Jan Dhan Yojana and Digital India, which will have far-reaching impact on improving credit and price discovery of farm produce, besides timely help and education with regard to farm techniques, weather forecast, selection of crops, pesticides, quality seeds, fertilizers etc. A simple step like adding neem to fertilizers had ensured that there is adequate availability of fertilizers to farmers by checking diversion of urea for industrial purposes.

Apart from bringing about financial inclusion, Skill India, Digital India, Swatchh Bharat and Make in India programme of Prime Minister Modi will push the country forward to bring about socio-economic development in better and clean environment. The Government's clean energy programme to install 1.75 Gw of solar and wind energy will help in pushing towards ecological balance apart from dispersed development.

To ensure the economy kick-started at a time when global economy is tottering, the government has taken number of steps to step up public expenditure and infrastructure spending. This has ensured that India remained among the top as far as economic growth is concerned and, therefore, India remains a bright spot in otherwise a gloomy world economy. This is evident from the fact that the foreign direct investment is on the rise and has surged towards a record \$60 billion this year. This is no mean achievement as global investors see opportunity here when it is shrinking elsewhere in the World including China and advanced countries.

The rural roads programme, the cold storage development programme, allowing 100 per cent FDI in food processing, the development of ports and airports, the highway programme, the Sagarmala project to encourage coastal shipping, the inland waterways project, will step up job creation and economic development. Apart from development of 100 smart cities, which will step up urban development, the government has taken up metro rail projects in several cities including metros to improve urban transportation facilities.

With strong macro-economic fundamentals including low fiscal deficit and low and stable inflation and several structural reforms including the game-changing Goods and Services Tax, the economy can only move forward to a high growth path. There might have been some short-term blips because of demonetization and some teething trouble because of GST rollout but the structural reforms taken by Modi government will have a far-reaching impact on putting the economy on higher pedestal. This will also ensure that India moved away from corruption-ridden economy to a corruption-free economy. The digitization efforts will improve ease of doing business further resulting in more economic activity and much needed job creation. These unprecedented reforms have set the platform for India to leapfrog in development.

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*Views expressed in the article are author's personal.*

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