



## What Ails Indian Economy? Some Random Thoughts

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### ABSTRACT

*India is a diverse economy which encompasses the traditional village farming to modern corporate agriculture, handicrafts to modern sophisticated ICT industries, with the multiplicity of services. Recent data evidences show that India has less than half of the work force in agriculture, but, services are the major sources of India's economic growth, which accounts for more than 50.0 per cent of GNP, contributed by the less than one-third of its labor force. Infact, India is service economy, in terms of its contribution to the GNP and not agricultural economy, and it entered into the service economy in 2005-06. In the post-independence era (ie) 1947 - 91, India was a mixed economy with a high degree of state intervention-including nationalization and price controls. During these periods economic performance India was mixed one, but the performance are generally disappointing. Since 1991, the Indian economy has pursued free market liberalized economy with, greater openness in trade and commerce. This helped the Indian economy to achieve a considerably rise in the rate of economic growth and economic development. However, Indian economy still has many weaknesses and it possess different characteristic features such as; Corrupt economy, Disparity economy, Energy deficit economy, Fiscal deficit economy, Food deficit economy, Forest deficit economy, Oil and gold Import economy, Inequality economy, Low HDI economy, Low income economy, Pollution economy, Poor employment skill economy, Poverty economy, Power deficit economy, Subsidy syndrome economy, Unemployment economy, Trade deficit economy, Poor adoption technology economy, Wealth concentration economy, Poor corporate social responsibility economy, Resources Waste economy, Migration economy, Black money economy, poor environmental health economy etc. The researchers in this paper have attempted to address these issues and weakness of India economy by providing data supports and evidences. This kind of information could help the policy makers to design and formulate policies for mitigation these weakness.*

**KEYWORDS :** Indian Economy, Corruption, Growth and Inequalities.

### Introduction

India With 1.2 billion people and the world's fourth-largest economy, India's recent growth and development has been one of the most significant achievements of our times. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century. Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green

**Black Money:** The latest study by **National Institute of Public Finance and policy (NIPFP)** confirms that the size of the parallel economy in India is to the tune of US\$ 1.4 trillion (Rs. 83 lakh Cr), which is 71.0 per cent of the total GDP of the country [US \$ 2.0 trillion (Rs. 120 lakh Cr)]. The real estate sector is the biggest source of the black money followed by gold, diamond and mining. Corruption and high level of leakages in various programmes and scheme generates black money in a big way. The committee is of the view the leakage in the big budget schemes like MGNREGA is as high as 35.0 to 40.0 per cent. The NIPFP study identified the following sources of generation of black money in India are; Illegal transaction of real estate sector; corruption and leakages in government development schemes; Hawala transaction through banks; Dabba business in share market; Illegal mining and export of Iron Ore in Goa, Karnataka and Tamilnadu; Large scale under invoicing in export and import trade; and Donations to political parties. According to NIPFP Black money in India 1980s: 73.5 per cent, 1990s: 61.9 per cent, and 2000s: 45.1 per cent. Minting Black Money are; Rs.5,68,8709 Cr: Black money generated through real estate deals; Rs.11,910 Cr unaccounted income generated by mixing PDS kerosene with diesel (2011-12); and Rs.5,953 Cr capitation fees collected by private colleges on management quota seats in professional courses; and 10.32 per cent of GDP average unaccounted income from exploitation of minerals (2001-2010)

**Corruption Economy:** Corruption in India is a major issue that adversely affects its economy. According to **Transparency International India (TII, 2014)** India has showed some improvement in addressing corruption this year, ranking 85<sup>th</sup> among 175 countries as against 94<sup>th</sup> last year; Denmark retained its position as the least corrupt country in 2014 with a score of 92 while North Korea and Somalia shared the last place, scoring just 8. **In 2014 India ranked 85th** out of 175 countries in Transparency International's Corruption Perceptions Index, compared to its neighbors **Bhutan (30th), Bangladesh (145th), Myanmar (156th), China (100th), Nepal (126th), Pakistan (126th) and Sri Lanka (85th)**. In 2013, India was ranked 94<sup>th</sup> out of 175 countries. The increase reflects the prosecution of high level politicians and civil servants associated with the 2G and coal block allocations, a sign that institutions are robust in establishing rule of law and sanctioning the corrupt (**Rukmini, 2014**). The major reasons for corruption in today's scenario, if a person wants a government job he has to pay lakhs of rupees to the higher officials irrespective of satisfying all the eligibility criteria. In every office one has either to give money to the employee concerned or arrange for some sources to get work done. There is adulteration and duplicate weighing of products in food and civil supplies department by unscrupulous workers who cheat the consumers by playing with the health and lives of the people. In the assessment of property tax the officers charge money even if the house is built properly according to the Government rules and regulations. Political corruption is worst in India, The major cause of concern is that corruption is weakening the political body and damaging the supreme importance of the law governing the society.

**Poverty Economy:** India's fight against poverty, child mortality and open defecation, among other key areas, needs to be intensified, says **UN's Millennium Development Goals Report 2014**. According to the **UNs and MDGs** report, "In 2010, one third of the world's 1.2 billion extreme poor lived in India alone" in fact, a recent according to **C.Rangarajan committee**, estimated that about one third of India's population, or 363 million (as of 2011-12), are below the poverty line. However, in real terms India's 'poor' population may be larger as this estimation is made on very low daily spending capacity of Rs.32 in rural and Rs.47 in urban areas. Further, the international poverty line, as defined by the world bank keeping in mind the standards of the world's poorest countries, stands at \$ 1.25 a day, which translates to

about Rs.75 (if \$ 1 = Rs. 60). This is the defined used by the UN as well. According to World Bank also predicts that, by 2015, 40.0 per cent of the estimated 970 million people living on less than \$ 1.25 a day will be from southern Asia. **Poverty reduction:** china leads the way in global poverty reduction, with extreme poverty line (living under \$ 1.25 a day) dropping from 60.0 per cent in 1990 to 16.0 per cent in 2005 and 12.0 per cent in 2010 (MDG Report). 1 billion children live in poverty (1 in 2 children in the world). 640 million live without adequate shelter, 400 million have no access to safe water, 270 million have no access to health services. 10.6 million Died in 2003 before they reached the age of 5 (or roughly 29,000 children per day).

**Poor Sanitation:** Sanitation is another area which brings woe for India. It retains its infamous status as having the biggest population without access to proper toilets. Close to 60.0 per cent of the one billion people practicing open defecation live in India (**UN Report-2012**). Though the UN's and MDG report is more regions specific, these references have been made specifically to India, which is the largest country of the south Asia region. This region itself has fared

poorly on most parameters of development. For example, the prevalence of under nutrition of children was highest in south Asia, with 30.0 per cent of under-five children being underweight. World Wide 780 million people still don't have access to safe and clean water for drinking, cooking or washing and 1.5 million people 90.0 per cent of them children die every year from consuming untreated or contaminated water (**Times of India, 2014**).

**Human Development Index (HDI):** The HDR 2014 entitled sustaining human progress: Reducing Vulnerabilities and Building Resilience, was released by the United Nations Development Programme (**UNDP-2014**). According to this report ranks India 135 in a list of 187 countries. At 135, india's position too is the same as it was in 2012. However, it improved from 136 in 2013. HDI takes into account long-term progress in three a along and healthy life, as measured by expectancy of life at birth access to knowledge as measured by mean year of schooling and expected years of schooling and decent standard of livings, as measured by GNI per capita.

**Table-1 Global Human Development Index in 2014 (BRICS)**

HDI Rank	Countries	HDI Value 2013	Life expectancy at birth 2013	Mean years of schooling 2012	Expected year of schooling 2012	GNI per capita 2013	HDI value 2012	Change in Rank 2012-13
57	Russia	0.778	68.0	11.7	14.0	22,617	0.777	0
79	Brazil	0.744	73.9	7.2	15.2	14,275	0.742	1
91	China	0.719	75.3	7.5	12.9	11477	0.715	2
118	South Africa	0.658	56.9	9.9	13.1	11788	0.654	1
135	India	0.586	66.4	4.4	11.7	5150	0.583	0

Note: HDI-Human development index, GNI-Gross National Income

According to the report, 1.2 billion people live on \$ 1.25 or less a day. It also says that going by the latest estimates of the UNDP multidimensional poverty index, almost 1.5 billion people in 91 developing countries are living in poverty with "overlapping deprivations in health, education and living standards". The position of the top and bottom five countries in the report has not changed from the past year. Norway (1), Australia (2), Switzerland (3), Netherlands (4) and the United States (5) are the top five ranked countries in 2013, while Sierra Leone (1), Chad (2), Central African Republic (3), Democratic Republic of the Congo (4) and Niger (5) continue at the bottom of the list.

**Gender Inequality Index (GII):** Gender Inequality Index (GII) India ranked 127 out of 152 countries and Gender Development Index (GDI); it ranked 132 of 148 countries.

**Gender Development Index (GDI):** HDR 2014 introduces a GDI for the first time, which is a measures gender development gap among 148 countries. While the overall gender gap is an 8.0 per cent deficit for women, the income gap is shockingly high per capita income for a man is more than double that for women.

**Table-2 Comparison of Human development Indices (2012) some selected countries**

Rank	Countries	Human Development Index (HDI)	Gender Inequality Index (GII)	Population below income poverty line PPP US\$ 1.25 per day
1	Norway	0.955	0.065	0.0
3	United States	0.937	0.256	0.0
10	Japan	0.912	0.131	0.0
26	United Kingdom	0.875	0.205	0.0
76	Iran	0.742	0.496	1.5
92	Sri Lanka	0.715	0.402	7.0
101	China	0.699	0.213	13.1
112	Egypt	0.622	0.590	1.7
136	India	0.544	0.610	32.7
146	Bangladesh	0.515	0.518	43.3
146	Pakistan	0.515	0.567	21.0
186	Niger	0.304	0.707	43.6

Source: Compiled from UNDP, HDR 2013

The above table provides data both for HDI and GII for selected countries. It may be noted that near gender equality exists in Norway, United States, United Kingdom, Japan, Sri Lanka and China. Countries, which indicate gender inequality, are Saudi Arabia, Pakistan, Iran, India, Egypt and Nigeria. However there is a greater awareness in the world about gender inequality and efforts are being made to reduce gender inequality the education of females and giving them a better status in the family. Some countries have lagged behind due to cultural biases against the females. However, in them also, women movements are promoting the cause of bringing about gender equality.

#### **Poor Health economy:**

Poor show by India on child well being with 1.25 million deaths annually and 42.0 per cent of the kids being underweight, India has slipped in the area of child well-being in the last 15 years. **Child Development Index (CDI)** the report noted that while many countries in the world made remarkable progress in child health, education and nutrition the three premises that from the basis of this report India slipped by 12 ranks between 1995 and 2010. India's performance comes in the context of as many as 127 countries improving their scores between 1995 and 2010. According to CDI "our global child development report shows that out of the 141 countries that have been ranked, India with its CDI rank at 112 (out of 141 countries) in 2005-10 is among the only 14 whose rank has dropped World. Recently India 393 influenza A H1N1 Cases and 35 deaths have been confirmed till 17, 2015 (**The Hindu, 2015**) and different states H1N1 cases and deaths are:

**Table-3 The States H1N1 level India**

Sl.No	States	Cases	Deaths
1	Delhi	108	3
2	Gujarat	31	2
3	Haryana	14	5
4	Maharashtra	12	4
5	Rajasthan	39	11
6	Tamil Nadu	28	3
7	Telangana	130	3

Source: The Hindu, January-2015

Seven persons have died due to H1N1virus in Telangana this year and as many patients are currently undergoing treatment for the virus at various hospitals, from January 1, we have 169 confirmed cases of H1N1. There have been seven deaths due to the disease this month.

Last year, there were 11 deaths in Telangana and 5 deaths in Andhra Pradesh (**Times of India**, January 21, 2015).

**Mortality:** In another depression statistic, India had the highest number of under-five deaths in the world in 2012, with 1.4 million children dying before reaching their fifth birthday. This is despite the fact that globally the mortality rate for children under five has dropped by almost 50 per cent in 2012. The South Asia region also accounted for 24 per cent of all maternal deaths worldwide in 2013. Tobacco use accounts for 40.0 per cent of all cancers in India. It is also associated with higher morbidity and mortality caused due to respiratory problems, heart diseases and TB. About 275 millions Indians (35.0 per cent of adult population and 14.0 per cent children aged 13-15 years) are tobacco users, mainly smokeless tobacco. Total economic costs attributable to tobacco use from all diseases in India in 2011 amounted to rs.1.04 lakh crore 12.0 per cent more than the combined state and central government expenditure on health care the same year (**Times of India**, 2014).

**Inequality economy:** A World Bank report has found that between 2004-05 and 2009-10, 15 per cent of India's population, or 40 per cent of the poor, moved above the poverty line. In the same period, a sizeable portion of the poor and the vulnerable — over 9 per cent of the total population or about 11 per cent of the poor and vulnerable — moved into the middle class. However, over 9 per cent of the total population, or about 14 per cent of the non-poor group, slipped back into poverty, revealing the greater risks faced by the vulnerable and even the middle class than in other countries (**The Hindu**, 2015).

**Powerless economy:** As of 2009, India is the fourth largest producer of electricity and oil products and the fourth largest importer of coal and crude-oil in the world. Coal and oil together account for 66 per cent of the energy consumption of India. Powerless rural India more than 25,000 villages still lives in dark. Grid power connectivity remains a distant dream for more than 25, 600 villages (4.3 per cent) and close to 33 per cent of the rural households in the country (**Times of India**, 2014). No access to electricity of the 50.0 per cent of the villages Odisha and Rajasthan and UP had more than 10,800 unelectrified villages as on December 31, 2012, but the states have provide grid connectivity to 9500 villages in the post 18 months now only 1,298 villages out grid power. But national average now only 55.0 per cent of them have electricity connection. **Seven States:** Bihar -10 per cent, Uttar Pradesh-24 per cent, Assam-28 per cent, Jharkhand-32 per cent, Odisha-36 per cent, West Bengal-40 per cent and Meghalaya-52 per cent are below national averages (**Times of India**, 2014). Planning commission report, 2014 Himachal Pradesh 3 per cent, and some developed states about 9 per cent in Tamil Nadu, 15 per cent in Gujarat and 26 per cent in Maharashtra do not have electricity. Number of household without any source of lighting

**Table-4 Number of household without any sources of lighting in India**

Sl.no	States	Number of Households
1	Maharashtra	215111
2	Gujarat	116903
3	Rajasthan	105385
4	Odisha	104654
5	West Bengal	97561
6	Tamil Nadu	81962
7	Andhra Pradesh	79908

Source: Times of India, 2014

**Table-6 Top 10 poorest/highest countries of the world in 2013**

Top 10 poorest income Per capita countries			Top 10 highest income per capita countries		
Rank	Country	GDP per capita in \$	Rank	Country	GDP per capita in \$
1	Democratic republic of the Congo	394.25	1	Norway	43,400
2	Zimbabwe	589.46	2	Switzerland	40,680
3	Burundi	648.58	3	United states	37,870
4	Liberia	716.04	4	Japan	34,180
5	Eritrea	792.13	5	Denmark	33,570
6	Central African Republic	827.93	6	Sweden	28,910

**Energy Deficit Economy:** Globally over 1200 million people lack access to affordable basic energy services, such as effective lighting and clean cooking. India alone is home to over 300 million people deprived of electricity and more than 800 million people depend on solid biomass as fuel for cooking. In rural India, 86.5 per cent of households depend on solid biomass including firewood, crop residue, cowdung, coal, lignite, and charcoal as primary fuel for cooking. 12.1 per cent of the rural households depend on modern fuels including kerosene and Liquefied Petroleum Gas (LPG)/Petroleum and Natural Gas (PNG) as primary fuel for cooking and the rest depend on other fuel sources including biogas for the purpose of cooking.

**Table-5 Population without access to electricity and population dependent on biomass for cooking for 2011**

Country	Without access to electricity		Traditional use of biomass for cooking	
	Population (in millions)	Share of population (%)	Population (in million)	Share of population (in %)
India	306	25	818	66
World	1258	18	2642	38

Source: compiled from IEA and TERL, 2013

**Disparities Economy:** There are some countries where income inequality is high, which means there is a big difference between the top and bottom earners, while there are nations that have low income inequality. Economic inequality (also described as the gap between rich and poor, income inequality, wealth disparity, wealth and income differences or wealth gap) is the state of affairs in which assets, wealth, or income are distributed unequally among individuals in a group, among groups in a population, or among countries. The issue of economic inequality can implicate notions of equity, equality of outcome, and equality of opportunity. Whenever social institutions malfunction, the incidence of damage will usually be distributed unevenly over the society's members. Some are simply not exposed to the problem and some have the skill and the wherewithal to escape it. More significantly, the rules that govern the society's operation may determine the extent to which members are affected by the institutional failure. The incidence of poverty was disproportionately high among the old, the uneducated, among female-headed families, among rural people, among those employed in low-paying occupations and industries, and those with weak attachment of any kind to the labor market. **World Bank 2013, income classifications by GNI per capita are as follows: Low income:** \$1,035 or less; **Lower middle income:** \$1,036 to \$4,085; **Upper middle income:** \$4,086 to \$12,615; and **High income:** \$12,616 or more. The Low- and middle-income economies are sometimes referred to as developing economies. The term is used for convenience; it is not intended to imply that all economies in the group are experiencing similar development or that other economies have reached a preferred or final stage of development. Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011 – placing it among the poorest of the world's middle-income countries – it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states (**World Bank**, 2013)

**Poorest Countries in the World:** The top ten poorest countries map has been prepared on the basis of the GDP of a country. A country with a GDP per capita of \$765 dollars or less is defined as a low-income or poor country. India per capita income of \$1499 (2013)

7	Niger	853.43	7	United Kingdom	28,320
8	Malawi	893.84	8	Finland	27,060
9	Madagascar	972.07	9	Ireland	27,010
10	Afghanistan	1,072.19	10	Austria	26,810

Source: IMF, 2013

GDP is the value of all final goods and services produced within a country in a given year. A country with a GDP per capita of \$765 dollars or less is defined as a low-income or poor country. And it is on the basis of this GDP, that the top ten poorest countries map has been prepared. Industrialization, overpopulation, investment, infrastructure, geography, resources, colonialism, education, government and debt are few of the most critical aspects that make poor countries remain poor. India per capita income of \$1499 (2013)

**India GDP growth:** In 2014-15, the Indian economy is poised to overcome the sub-5 per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industry sector. Economic growth has slowed due to domestic structural and external factors. Two successive years of sub-5 per cent growth is witnessed for the first time in 25 years.

**Tale-7 The GDP growth rate in India**

Sl.no	Years	GDP (in per cent)
1	2010-11	8.9
2	2011-12	6.7
3	2012-13	4.5
4	2013-14	4.7
5	2014-15	5.4*

Note: \* denote forecast, Source: Economic Survey, 2014

**Money Value Depression:** Great Depression, economic failure in most countries of the world that from 1929 until world war-II reason for, New York stock exchange fell on 29 October 1929 USA. Black Tuesday: many business and banks failed and millions of people lost their jobs and new deal programme and policy introduced by US president (1933-45-Franklin D Roosevelt)

**Table-8 Money Value Depression in India**

Sl.no	Years	Indian Rs equal per US\$ (average annual)
1	1980-81	7.88
2	1990-91	17.49
3	2000-01	44.94
4	2010-11	47.44
5	2011-12	45.56
6	2012-13	47.92
7	2013-14	60.5
8	2014-15	61.5

Source: Compiled from RBI Report and Economic Survey 2014-15

After the sharp devaluation in 1991 and transition to current account convertibility in 1994, the value of the rupee is largely determined by the market forces. The rupee has been fairly stable during the decade 2000 to 2010. In September 2013, the rupee touched an all time low 68.27 to the US dollar.

**Fiscal Deficit economy:** India recorded a Government Budget deficit equal to 4.50 percent of the country's Gross Domestic Product in the fiscal year 2013/2014. Government Budget in India averaged -3.87 Percent of GDP from 1991 until 2014, reaching an all time high of -2.04 Percent of GDP in 1997 and a record low of -7.80 Percent of GDP in 2009. A budget deficit occurs when a government spends more money than it takes in. The opposite of a budget deficit is a budget surplus.

**Table-9 Fiscal Deficit in India**

Sl.no	Years	Percentage of the GDP (Fiscal deficit)
1	2005-06	-3.29
2	2006-07	-3.27
3	2007-08	-3.5
4	2008-09	-3.1
5	2009-10	-7.8
6	2010-11	-6.9
7	2011-12	-5.1
8	2012-13	-5.8
9	2013-14	-4.9
10	2014-15	-4.5

Source: Ministry of Finance, Gol, 2015

**External Debt Economy:** India's external debt consists predominantly of long-term borrowings and has remained within manageable limits owing to prudential restrictions on debt varieties of capital inflows given large interest differentials.

**Table-10 External Debt in India**

Sl.no	Years	US\$ billion
1	2010-11	260.9
2	2011-12	317.9
3	2012-13	360.8
4	2013-14	404.9
5	2014-15	-

Source: Ministry of Finance, Gol, 2015

India's external debt stock at end March 2013 stood at US\$ 404.9 billion as against US\$ 360.8 billion at end March 2012. This increased further to US\$ 426.0 billion at end December 2013. India's external debt consists predominantly of long-term borrowings and has remained within manageable limits owing to prudential restrictions on debt varieties of capital inflows given large interest differentials.

**Global Trade:** Until the liberalization of 1991, India was largely and intentionally isolated from the world markets, to protect its economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment (FDI) was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60 per cent of new FDI in the industrial sector. Since liberalization, the value of India's international trade has increased sharply, with the contribution of total trade in goods and services to the GDP rising from 16 per cent in 1990-91 to 47 per cent in 2008-10. India accounts for 1.44 per cent of exports and 2.12 per cent of imports for merchandise trade and 3.34 per cent of exports and 3.31 per cent of imports for commercial services trade worldwide. But now India's share of global trade fell from 1.3 per cent in 1953 to 0.5 per cent in 1983 onwards. This model contributed to widespread inefficiencies and corruption and it was poorly implemented.

**Poor Adoption Technology Economy:** Innovation there is a big divide in the World of innovation and India is on the wrong side of it. The annual Global Innovation Index (G II) released 2014, has India slide 10 places to 76 with only Singapore, Hong Kong and South Korea representing Asia in the top 20 of the list (**WIPO-World Intellectual property organization**).

**Table-11 Innovation Bouquets: Top ranking G II 2014 and 2013**

Rank 2014	Top Ranking GII	Rank 2013	Rank 2014	Brickbats	Rank 2013
1	Switzerland	1	29	China	35
2	UK	3	53	South Africa	58
3	Sweden	2	59	Russia	72
4	Finland	6	61	Brazil	64
5	Netherlands	4	76	India	66
6	USA	5			
7	Singapore	8			
8	Denmark	9			
9	Luxembourg	12			
10	Hong Kong	7			

Source: Pratiyagita Darpan, 2014

According to **World Intellectual Property Organization**, India slipped by 10 places from 66<sup>th</sup> position in 2013 to 76<sup>th</sup> in the annual global Innovation Index (GII) survey for 2014. India is the worst performer among BRICS nations, with all the other improving their positions from that of the last year. China was the best among BRICS nations at 29<sup>th</sup> position, an improvement of six places, Russia went up 13 places at 49<sup>th</sup> rank, South Africa ranked 53<sup>rd</sup>, went up five places, while Brazil at 61<sup>st</sup> position, moved up three places. India continued its dismal performance on GII for the fourth consecutive year from 62<sup>nd</sup> rank in 2011, 64<sup>th</sup> in 2012, and 66<sup>th</sup> in 2013, even though the India chapter notes that the country scores with quality of its universities, IT services exports, and export of creative goods, but these are outweighed by weaknesses in its institutional pillars such as political stability, ease of starting a business as well as human capital and research. In fact earlier this year in **World Banks** doing **Business Report** for 2014, India slipped three notched to 134<sup>th</sup> spot in a survey among countries.

### Migration

**Table-12 Migrant remittance inflow and outflow some selected countries 2013 (In US\$ Million)**

Sl.No	Major inflows			Major Outflows		
	Countries	Inflows	Outflows	Countries	Inflows	Outflows
1	India	69970	6413	United States	6623	52043
2	China	59491	4443	Russian Federation	6751	37217
3	Philippines	26700	206	Saudi Arabia	269	34984
4	France	23336	13418	Switzerland	3149	30109
5	Germany	15204	16701	Germany	15204	16701
6	Pakistan	14626	18	France	23336	13418

Source: Times of India, 2015

The World Bank estimates that more than 215 million people live outside their country of birth. Many of them send back money. The net flow such remittances are from the advanced economies to the developing world. India gets the largest inflows. In 2013, it received about \$70 billion, roughly \$10 billion more than China. Four of the 10 top recipients of officially recorded remittances in 2013 were in this neighbourhood- India, China, Pakistan and Bangladesh. France and Germany are the only countries that figure in the top 10 in both inflows and outflows of remittances indicating that they have both a substantial foreign population working within their economy and a considerable number of their citizens working abroad.

**Poor employment skill economy:** Employment and lack of skilled workforce are the biggest challenges faced by the country. India produces about three lakh management graduates every year, but hardly 35,000 of them are employable, said experts who gathered here for a conference of B-school heads (**Adarsh, 2015**). Unemployment and underemployment lies at the core of poverty. For the poor, labour is often the only asset they can use to improve their well-being. Hence the creation of productive employment opportunities is essential for achieving poverty reduction and sustainable economic and social development. It is crucial to provide decent jobs that both secure in-

come and empowerment for the poor, especially women and younger people. The country had just two per cent skilled workforce compared to 70 per cent in the U.K., 74 per cent in Germany, 80 per cent in Japan, and 96 per cent in South Korea. According to All India Council for Technical Education (AICTE), 3,54,421 students enrolled for MBA in 3,364 institutions across the country last year. **J Philip (2015)** "Today, the requirement of managerial candidates in the Indian market is between 35,000 and 40,000 every year. There are two reasons for unemployment: Lack of global skills and excess supply". According some experts, around year 2000, there were about 10 world class business schools in India. Now we have 25, but we have a long way to go. We need an industry-oriented syllabus and interaction with industry to improve employability. AICTE, said the number of management institutions have risen from 2,614 in 2006-07 to 3,364 in 2013-14. While the numbers continuously rose till 2011-12, at least 71 institutes shut shop in 2012-13 and 107 in 2013-14. **Kalkar (2015)** "While quantity has improved, the government and AICTE have been compromising on quality. Institutes have been given approval without examining or inspecting documents, infrastructure, faculty and other basic requirements". Lack of industrial exposure of faculty and students is another issue. "Many institutes do not have faculty with industrial experience. Some wish to join a management institute immediately after completing their postgraduate study,"

**Agriculture Economy:** Agriculture is an important part of Indian economy. Even after six decades of independence 58.0 per cent of the work force of India is still agriculture and its contribution to GNP is 17.5 in 2011 and now 13.7 per cent 2014. As of 2011, India had a large and diverse agricultural sector, accounting, on average, for about 16 per cent of GDP and 10.0 per cent of export earnings. India's arable land area of 159.7 million hectares (394.6 million acres) is the second largest in the world, after the United States. Its gross irrigated crop area of 82.6 million hectares (215.6 million acres) is the largest in the world. India is among the top three global producers of many crops, including wheat, rice, pulses, cotton, peanuts, fruits and vegetables. Worldwide, as of 2011, India had the largest herds of buffalo and cattle, is the largest producer of milk and has one of the largest and fastest growing poultry industries. Agricultural and allied sectors accounted for about 52.1 per cent of the total workforce in 2009-10. While agriculture employment has fallen over time in percentage of labor employed, services which include construction and infrastructure have seen a steady growth accounting for 20.3 per cent of employment in 2012-13. Of the total workforce, 7.0 per cent is in the organized sector, two-thirds of which are in the government controlled public sector. About 51.2 per cent of the labor in India is self-employed. According to 2005-06 survey, there is a gender gap in employment and salaries. In rural areas, both men and women are primarily self-employed, mostly in agriculture. The low productivity in India is a result of several factors. According to the World Bank, India's large agricultural subsidies are distorting what farmers grow and they are hampering productivity-enhancing investment. While overregulation of agriculture has increased costs, price risks and uncertainty, governmental intervention in labour, land, and credit markets are hurting the market. Infrastructure such as rural roads, electricity, ports, food storage, retail markets and services are inadequate. Further, the average size of land holdings is very small, with 70% of holdings being less than one hectare in size. Irrigation facilities are inadequate, as revealed by the fact that only 39.0 per cent of the total cultivable land was irrigated as of 2010, resulting in farmers still being dependent on rainfall, specifically the monsoon season, which is often inconsistent and unevenly distributed across the country. Farmer incomes are low also in part because of lack of food storage and distribution infrastructure. A third of India's agriculture produce is lost from spoilage. In 2012, the National Crime Records Bureau of India reported 13,754 farmer suicides. Farmer suicides account for 11.2 percent of all suicides in India. Activists and scholars have offered a number of conflicting reasons for farmer suicides, such as monsoon failure, high debt burdens, genetically modified crops, government policies, public mental health, personal issues and family problems.

**Forest Deficit Economy:** India's forest cover in 2007 was 69.09 million hectare which is 21.02 per cent of the geographical area. Of this, 8.35 million hectare is very dense forest, 31.90 million hectare is moderately dense forest and the rest 28.84 million hectare is open forest. The per capita forest in India (0.5 hectare) is much less than that in the world (1.9 hectares). According to the National Policy on Forests

(1988), one-third (33 per cent) of the country's area should be covered by forests in order to maintain ecological balance. Restoring 12.0 per cent of degraded lands can feed another 200 million people, raise farmers income by \$40 billion annually and cut emissions from deforestation. Over the last ten years India's trade deficit in forest products has soared from US\$1.0 billion in 2001 to more than \$5 billion in 2011. Due to the scarcity of domestic timber resources and rapidly growing demand, log imports in India have doubled since 2006 in order to meet the country's growing appetite for wood products. Deforestation is one of the major causes to the environmental degradation which is affected by the agents like small farmers, ranches, loggers and plantation companies. There is a broad consensus that expansion of cropped areas and pastures are a major source of deforestation. During 2009 and 2011, India lost around 5,339 sq kms of forestland owing to the diversion of forestland for economic activities even though 4,972 sq km of green cover was added as compensation (Hindustan times, 2013).

**Food shortage economy:** There is a mounting world food shortage problem in many areas around the globe. The world economy is in such turmoil that this could easily cause a situation where world food shortages become a widespread global issue. There has been a dramatic increase in food prices around the globe for staple foods such as maize, lentils, flour, and oil. These basic foods are the substance that many families around the world live on from day to day. When the costs of these essential foods rise, it dramatically affects those relying on them. For example, what used to take a days wage to buy may now take three weeks wages to purchase. That places many families in dire circumstances. India already provides subsidized food to a certain section of its population. The new bill will expand that coverage at a cost of about 1.35 per cent of the GDP (you can see the math behind that number here). It starts next year in April and that means it will not impact the fiscal deficit target for this year. The country will have to buy 62 million tons of this food every year. But as rightly pointed out, India already buys that much food. It bought 72 million tons of food grain in 2012-13 and 63.38 million tons the year before.

**Oil and gold Import economy:** The country's authorities caught the gold market by surprise on November 28 by scrapping the so-called 80-20 rule, under which 20 per cent of all imported gold had to be re-exported in the form of jewellers.

**Crude is country's largest import item by value, followed by gold.** Together they accounted for 42 per cent of all imports in October. However, oil imports by value are falling sharply, with October's \$12.36 billion being 19.2 per cent below the same month last year. The gold import curbs ensured that CAD dropped to manageable levels. The deficit touched a record high of 4.7 per cent of gross domestic product (GDP) at \$87.8 billion in 2012-13. Helped by the curbs on gold imports, CAD dropped to 1.7 per cent of GDP, or \$32.4 billion, in the fiscal year ended March. Gold imports fell to \$33.4 billion in 2013-14 from \$55.8 billion in the previous financial year.

**Imported economy:** Imports in India decreased to 34830 USD Million in December of 2014 from 42821.60 USD Million in November of 2014. Imports in India averaged 6114.08 USD Million from 1957 until 2014, reaching an all time high of 45281.90 USD Million in May of

2011 and a record low of 117.40 USD Million in August of 1958. India is heavily dependent on crude oil imports, with petroleum crude accounting for about 34 percent of the total inward shipments. The country also imports: gold and silver (12 percent of the total imports), machinery (10 percent), electronic goods (7 percent) and pearls, precious and semi-precious stones (5 percent). India's main import partners are China (10.7 percent of the total shipments), United Arab Emirates (8 percent), Saudi Arabia (7 percent), Switzerland (7 percent) and the United States (5 percent).

**Emission economy:** Climate change has emerged as an issue of global importance. Global CO<sub>2</sub> per capita emissions, having fluctuated within a range of 4.28–4.16 tonnes CO<sub>2</sub> per capita from the early 1990s to the early 2000s, increased continuously from 4.53 tonnes CO<sub>2</sub> per capita in 2005 to 4.79 tonnes CO<sub>2</sub> per capita in 2010, 4.87 tonnes CO<sub>2</sub> per capita in 2011, and 4.88 tonnes CO<sub>2</sub> per capita in 2012 European Commission. Between 1990 and 2012, while China's per capita emissions tripled, rapidly converging with the level in Europe and crossing the global average, India's emissions more than doubled, although remaining well below the global average. Over the same period, per capita emissions decreased significantly in Russia and the USA yet remained at relatively high levels. In India, CO<sub>2</sub> emissions continued to increase by 6.8 per cent reaching about 1970 million tonnes (MT) in 2012, up from 1838 MT in 2011 and 1776 MT in 2010, making it the fourth largest CO<sub>2</sub> emitting country in the world European Commission (2012). Despite the increase in CO<sub>2</sub> emissions in India, its per capita emissions still lie below the global average of 4.8 tonnes of CO<sub>2</sub> per capita. The per capita CO<sub>2</sub> emissions in India have increased to around 1.6 tonnes in 2012 from 1.51 tonnes in 2011, 1.0 tonnes in 2000, and 0.76 tonnes in 1990. The aggregate increase in per capita emissions in India since 1990 has been 0.80 tonnes of CO<sub>2</sub> per person. Concurrent to the above trend, energy-related emissions in India have also increased from 1745.04 MT in 2011 to 1889 MT in 2012, making it the third largest energy-related emitter in the world (IEA 2013a); (World Energy Statistical Yearbook 2013). BP Statistical Review estimates this value at 1823.2 MT in 2012.

**Conclusion:** Economy has brought countries together and provided new opportunities. But it has also increased the risk that adverse events will be transmitted more rapidly. Recent events have exposed huge gaps in how world is managed on issues ranging from food security to energy access, from financial regulation to climate change. These cross-border challenges are likely to continue in coming decades, with global governance architectures short on capacity to prevent or minimize shocks. Policymakers and leaders may find themselves unprepared for the sheer speed and scale of these changes. However today, only 20 percent of people worldwide have adequate social security coverage, and over 50 percent lack any type of social security. The sustainable development goals present an opportunity for the international community and individual states to advance a positive view of the public domain and push forward the principle of universalism—in public provision of social services, including at a minimum universal access to health care and education, and for full employment and social protections. These are all essential elements of more-sustainable and -resilient human development.

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