

Recent Trends in Indian Economy

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ABSTRACT

India has risen as the quickest developing significant economy in the world. As per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). It is relied upon to be one of the main three financial forces of the world throughout the following 10-15 years, sponsored by its solid majority rule government and associations.. Indian economy is required to develop at a rate of 6.7 for every penny in the year 2017-18 and in the following monetary year 2018-19 the economy is relied upon to develop at a rate of 7.2 for each penny. India's purchaser certainty list remained at 128 in the second quarter of 2017, topping the worldwide rundown of nations on a similar parameter, because of solid buyer assessment. The World Bank too decelerated India's GDP development for 2016-17 financial to 7 for each penny from its past gauge of 7.6 for every penny referring to the effect of demonetization. The UN report does not make any specify of the withdrawal of the high-division 500 and 1000 money notes by the Indian government nor its effect on the nation's monetary development. This paper is concentrating on the current patterns in Indian economy and to assess the impact of the development of govt. activities on the Indian economy

Keywords: Indian Economy, Growth.

I INTRODUCTION

India is a creating nation and our economy is a blended economy where the general population division coincides with the private part. India is probably going to be the third biggest economy with a GDP size of \$15 trillion by 2030. The economy of India is presently the world's fourth biggest as far as genuine GDP (buying power equality) after the USA, China and Japan and the second quickest developing real economy on the planet after China. The Indian economy has seen quick advancement since freedom through its top notch five year designs and definition of successful Government approaches, both financial and fiscal. The Indian Economy is the tenth biggest economy by GDP, which implies that India is the tenth biggest maker of products and ventures on the planet. Moody's has certified the Government of India's Baa3 rating with an uplifting viewpoint expressing that the changes by the administration will empower the nation perform better contrasted with its associates over the medium term. The economy is grappling with the disturbances caused by demonetization a year back and the usage of the Goods and Services Tax (GST) prior this financial year.

II OBJECTIVE

- To explain about the recent trends of Indian economy.
- To discuss about the major challenges faced by Indian economy.
- To discuss about the govt. initiative for promoting the growth of Indian economy.

III RESEARCH METHODOLOGY

This research paper is based on the secondary data which is collected from various magazines, articles, newspapers and various websites.

IV RECENT TRENDS IN INDIAN ECONOMY

India's (GDP) became grew only by 5.7 for every penny year-on-year in April-June 2017 quarter. according to Organization for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. As indicated by IMF World Economic Outlook Update (January 2017), Indian economy is relied upon to develop at 7.2 for every penny amid FY 2016-17 and further quicken to 7.7 for each penny amid FY 2017-18.

The duty accumulation figures between April-June 2017 Quarter demonstrate an expansion in Net Indirect duties by 30.8 for every penny and an increment in Net Direct Taxes by 24.79 for every penny year-on-year, showing a relentless pattern of solid development. The aggregate number of e-documented Income Tax Returns rose 21 for every penny year-on-year to 42.1 million of every 2016-17 (till 28.02.17), while the quantity of e-returns handled amid a similar period remained at 43 million.

Corporate income in India are relied upon to develop by more than 20 for every penny in FY 2017-18 bolstered by standardization of benefits, particularly in divisions like autos and banks, while GDP is required to develop by 7.5 for each penny amid a similar period, as per Bloomberg agreement.

The monetary movement in India as measured by net esteem included (GVA) is relied upon to increment by 7.3 for each penny in FY 2017-18, as against 6.6 for each penny in FY 2016-17, as indicated by the Reserve Bank of India (RBI).

India has held its position as the third biggest startup base on the planet with more than 4,750 innovation new companies, with around 1,400 new

businesses being established in 2016, as indicated by a report by NASSCOM.

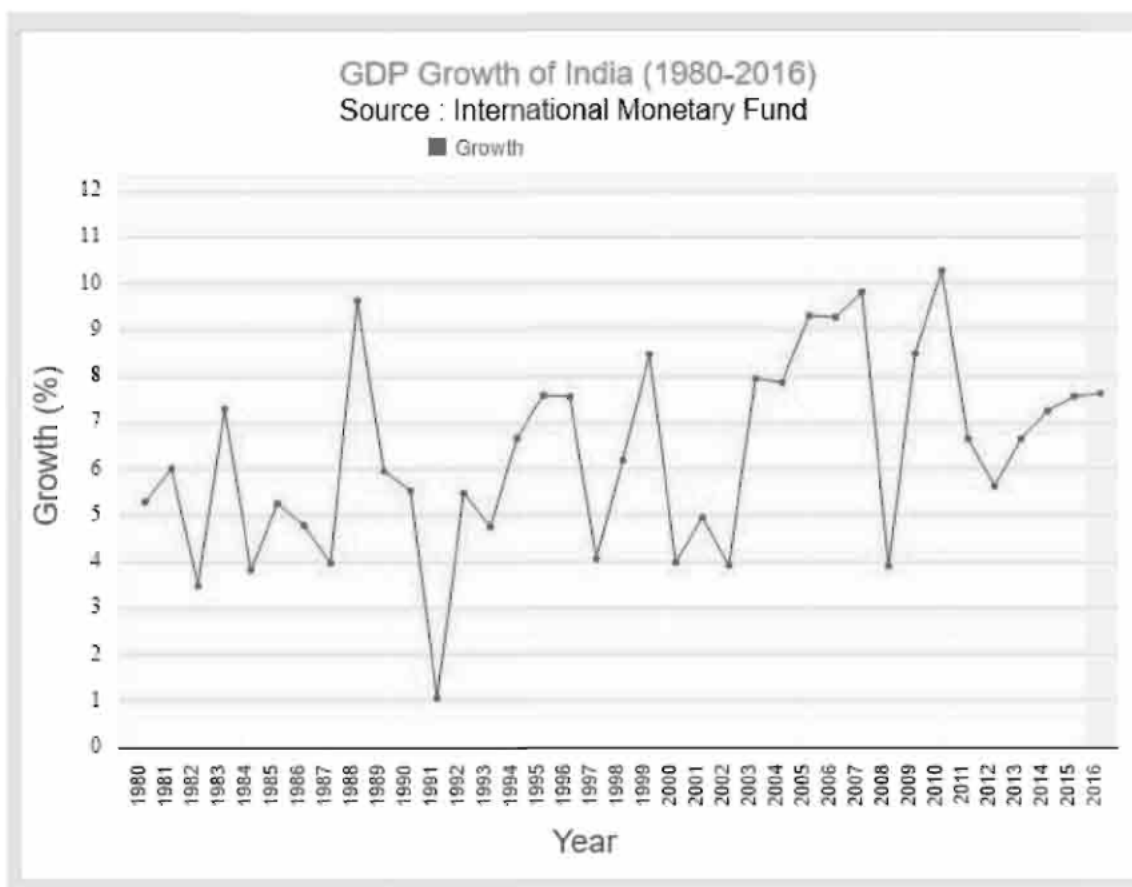
India's work constrain is relied upon to touch 160-170 million by 2020, in light of rate of populace development, expanded work drive interest, and advanced education enrolment, among different components, as indicated by an investigation by ASSOCHAM and Thought Arbitrage Research Institute.

V INDIA ECONOMY DATA

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|--------|--------|--------|--------|--------|
| <u>Population (million)</u> | 1,243 | 1,259 | 1,276 | 1,292 | 1,309 |
| <u>GDP per capita (USD)</u> | 1,465 | 1,477 | 1,597 | 1,611 | 1,729 |
| <u>GDP (USD bn)</u> | 1,821 | 1,860 | 2,038 | 2,082 | 2,264 |
| <u>Economic Growth (GDP, annual variation in %)</u> | 5.5 | 6.5 | 7.2 | 8.0 | 7.1 |
| <u>Consumption (annual variation in %)</u> | 5.3 | 7.4 | 6.8 | 6.1 | 8.7 |
| <u>Investment (annual variation in %)</u> | 4.8 | 1.8 | 4.1 | 6.6 | 2.4 |
| <u>Industrial Production (annual variation in %)</u> | 1.1 | -0.1 | 2.8 | 3.4 | 5.0 |
| <u>Public Debt (% of GDP)</u> | 69.1 | 68.5 | 68.6 | 69.6 | 69.5 |
| <u>Money (annual variation in %)</u> | 7.5 | 12.3 | 10.7 | 11.5 | 6.3 |
| <u>Inflation Rate (CPI, annual variation in %, eop)</u> | 10.5 | 8.2 | 5.3 | 4.8 | 3.9 |
| <u>Inflation Rate (CPI, annual variation in %)</u> | 10.2 | 10.0 | 5.9 | 4.9 | 4.5 |
| <u>Inflation (PPI, annual variation in %)</u> | 7.4 | 6.0 | 2.0 | -3.6 | 1.8 |
| <u>Policy Interest Rate (%)</u> | 7.50 | 8.00 | 7.50 | 6.75 | 6.25 |
| <u>Stock Market (annual variation in %)</u> | 8.2 | 18.9 | 24.9 | -9.4 | 16.9 |
| <u>Exchange Rate (vs USD)</u> | 54.28 | 60.02 | 62.29 | 66.25 | 64.86 |
| <u>Exchange Rate (vs USD, aop)</u> | 54.37 | 60.42 | 61.14 | 65.42 | 67.04 |
| <u>Current Account (% of GDP)</u> | -4.8 | -1.8 | -1.4 | -1.1 | -0.7 |
| <u>Current Account Balance (USD bn)</u> | -87.4 | -32.8 | -27.6 | -22.1 | -15.2 |
| <u>Trade Balance (USD billion)</u> | -189.5 | -136.6 | -137.5 | -117.8 | -105.7 |
| <u>Exports (USD billion)</u> | 300 | 314 | 311 | 262 | 275 |
| <u>Imports (USD billion)</u> | 490 | 451 | 448 | 380 | 380 |
| <u>Exports (annual variation in %)</u> | -1.9 | 4.6 | -1.2 | -15.7 | 4.9 |
| <u>Imports (annual variation in %)</u> | 0.1 | -8.0 | -0.6 | -15.3 | 0.2 |
| <u>International Reserves (USD)</u> | 293 | 304 | 341 | 356 | 373 |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|------|------|------|------|------|
| <u>External Debt (% of GDP)</u> | 22.5 | 24.0 | 23.3 | 23.3 | - |

*Source: Indian Economic survey report2016-17



VI RECENT DEVELOPMENTS

With the change in the financial situation, there have been different ventures prompting expanded M&A movement. Some of them are as per the following:

M&A action in India is dramatically increased year-on-year to achieve US\$ 61.26 billion out of 2016-17. Beginning period new businesses in India are required to bring US\$ 800 million up in 2017, because of more noteworthy concentrate on productivity and practical development, according to a report by InnoVen Capital.

- (a) Eight Indian organizations have recorded reports with the Securities and Exchange Board of India (Sebi) in the most recent seven day stretch of September 2017 for beginning open offers (IPO) worth Rs 5,000 crore (US\$ 765.1 million).

- (b) Remittances to India are relied upon to grow 4.2 for every penny to US\$ 65 billion out of 2017, making it the biggest settlement beneficiary on the planet once more.
- (c) The add up to anticipated use of Union Budget 2018-19 is Rs 23.4 lakh crore (US\$ 371.81 billion), 9 for each penny higher than earlier year's financial plan, as laid out in the Medium Term Expenditure Framework (MTEF).
- (d) Real bequest firm Embassy Group has gone into a joint wander with US-based Taurus Investment Holdings to build up a 10 section of land Special Economic Zone (SEZ) in Kerala at an aggregate cost of US\$ 140 million.
- (e) Efficient execution of the Goods and Services Tax (GST) can enable Indian economy to develop at more than 8 for every penny with gigantic increases anticipated from inside coordination of business sectors in the following 5-8 years, as indicated by Mr Junaid Ahmad, India Country Director, World Bank.

- (f) India's fares to Singapore expanded by 23 for each penny in FY17 and the respective exchange between the two nations can possibly achieve US\$ 25 billion by 2019-20.
- (g) Indian ventures are relied upon to raise record stores worth Rs 2.5 lakh crore (US\$ 39.14 billion) from the money related markets with more than 150 organizations intrigued by introductory open offerings (IPOs), qualified institutional arrangements (QIPs), and take after on open offerings, as indicated by Prime Database.
- (h) India got the most astounding ever inflow of value as remote direct ventures (FDI) worth US\$ 43.4 billion out of 2016-17 and has turned out to be a standout amongst the most open worldwide economies by introducing progression measures, according to the mid-year monetary overview of India.
- (i) The World Bank has expressed that private interests in India is required to develop by 8.8 for every penny in FY 2018-19 to surpass private utilization development of 7.4 for each penny, and accordingly drive the development in India's (GDP) in FY 2018-19.
- (j) The Niti Aayog has anticipated that fast reception of green versatility arrangements like open transport, electric vehicles and auto pooling could likely enable India to spare around Rs 3.9 trillion (US\$ 60 billion) in 2030.
- (k) Indian affect speculations may grow 25 for each penny every year to US\$ 40 billion from US\$ 4 billion by 2025, according to Mr Anil Sinha, Global Impact Investing Network's (GIIN's) counselor for South Asia.
- (l) The Union Cabinet, Government of India, has endorsed the Central Goods and Services Tax (CGST), Integrated GST (IGST), Union Territory GST (UTGST), and Compensation Bill.
- (m) Indian stock fares enlisted a development of 10.29 for every penny year-on-year in August 2017 at US\$ 23.818 billion when contrasted with US \$ 21.597 million amid August,2016, as per the information from Ministry of Commerce and Industry.
- (n) Retail expansion for February 2017 was accounted for at 3.36 for every penny, contrasted with 5.05 for each penny a year prior, according to Ministry of Statistics and Program Implementation (MOSPI).
- (o) India's industry yield grew 2.74 for each penny year-on-year in January 2017, drove by a decent execution in the capital products area which enrolled a 10.7 for every penny year-on-year development.

VII MAJOR CHALLENGES FACED BY INDIAN ECONOMY

- (a) Unemployment
- (b) Poor instructive principles
- (c) Poor Infrastructure
- (d) Balance of Payments decay.
- (e) High levels of private obligation
- (f) Inequality has risen instead of diminished.
- (g) Large Budget Deficit
- (h) Rigid work Laws
- (i) Inefficient agribusiness
- (j) Poor assess accumulation rate

In the wake of confronting these significant difficulties by Indian economy government has stepped up with regards to enhance the development of India.

VIII GOVERNMENT INITIATIVES

In the Union Budget 2017-18, the Finance Minister, Mr. Arun Jaitley, confirmed that the real push of the spending proposition is on development incitement, giving alleviation to the white collar class, giving moderate lodging, checking dark cash, digitalization of the economy, upgrading straightforwardness in political subsidizing and disentangling the expense organization in the nation.

India's joblessness rate has declined to 4.8 for every penny in February 2017 contrasted with 9.5 for every penny in August 2016, because of the Government's expanded concentration towards provincial occupations and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) conspire.

The Government of Maharashtra has set an objective to twofold ranch wage by 2022 through measures like extensive scale small scale water system, water protection, development of formal money credit scope, trim protection and farming broadening, according to Mr. Vidyasagar Rao, Governor of Maharashtra.

Various outside organizations are setting up their offices in India by virtue of different government activities like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has propelled the Make in India activity with an expect to help the assembling segment of Indian economy, to build the acquiring energy of a normal Indian shopper, which would additionally support request, and henceforth goad improvement, notwithstanding profiting financial specialists. The Government of India, under the Make in India activity, is endeavoring to offer lift to the commitment made by the assembling part and means to take it up to

25 for each penny of the GDP from the present 17 for every penny. In addition, the Government has additionally thought of Digital India activity, which concentrates on three center segments: production of computerized framework, conveying administrations carefully and to expand the advanced proficiency.

A portion of the current activities and improvements embraced by the legislature are recorded underneath:

- (a) The Government of India has endorsed five Foreign Direct Investment (FDI) proposition from Oppo Mobiles India, Louis Vuitton Malletier, Chumbak Design, Daniel Wellington AB and Actoserra Active Wholesale Pvt Ltd, as indicated by the Department of Industrial Policy and SS Promotion (DIPP).
- (b) The Government of India intends to encourage associations between gram panchayats, privately owned businesses and other social associations, to push for provincial improvement under its 'Central goal Antyodaya' and has officially chosen 50,000 panchayats the nation over for the same.
- (c) The Telangana state government has arranged use of Rs 20,146 crore (US\$ 3.14 billion) for improvement exercises in the capital city of Hyderabad in a push to make it a worldwide city
- (d) The financial deficiency of the Government of India, which was 4.5 for every penny of the total national output (GDP) in 2013-14, has relentlessly diminished to 3.5 for each penny in 2016-17 and is relied upon to additionally redact to 3.2 for each penny of the GDP in 2017-18, as indicated by the Reserve Bank of India (RBI).
- (e) The Government of India intends to actualize another plan, named 'Sasti Bijli Har Ghar Yojana' with a cost of Rs 17,000 crore (US\$ 2.64 billion), to give power to around 40 million un-energized family units in the nation.
- (f) The Government of India and the Government of Portugal have consented to 11 two-sided arrangements in regions of space, twofold tax assessment, and nano innovation, among others, which will help in reinforcing the financial ties between the two nations.
- (g) India's income receipts are assessed to touch Rs 28-30 trillion (US\$ 436-467 billion) by 2019, attributable to Government of India's measures to fortify framework and changes like demonetisation and Goods and Services Tax (GST).
- (h) Finance Minister Mr Arun Jaitley has expressed that new companies joined after March 31, 2016, can profit a three-year assess occasion in the initial seven years of their

reality, rather than five years, and diminished the expense rate for undertakings with a turnover up to Rs 50 crores (US\$ 7.68 million) to 25 for every penny rather than the prior 30 for each penny.

IX CONCLUSION

The Indian economy is a developing economy in which Agriculture is the back bone of Indian economy. 60% of India's population are on the below poverty line. The majority of the people of India is leading a poverty line. Indian economy is affected by it. Countries which are on the part of progress and which have their potential for development are called developing economics. So India is termed as developing economic by modern views The Narendra Modi government has initiated a number of structural reforms in recent months. While these reforms are expected to benefit the economy in the medium to long run, they have created some short-term disruptions. Some of these were evident in India's trade performance. India's current account deficit (CAD) increased sharply to \$14.3 billion, or 2.4% of GDP, in the first quarter of fiscal 2018. This is the highest deficit in four years. The culprit was merchandise trade deficit, which surged to \$41.2 billion, compared with \$23.8 billion in the first quarter of fiscal 2017. All these factors have resulted that the recent trends in the field of Indian economy stimulating development in India.

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