

## SOCIO - ECONOMIC AND POLITICAL DEVELOPMENT IN INDIA: AN OVERVIEW

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**ABSTRACT:** Socio-economic development is the process of social and economic development in a society. Socio-economic development is measured with indicators like GDP, life expectancy, literacy and levels of employment. Changes in less tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm and the extent of participation in civil society. This paper provides an insight in to stages of economic growth and the socio economic and political development in India. The study found that, numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. The study also found that, India improved its ranking in the World Banks doing business report by 14 spots over last year and is ranked 63<sup>rd</sup> among 190 countries in 2020 edition of the report.

**Key Words:** Economic growth, Development.

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### I. INTRODUCTION

The economic development in India followed socialist inspired politicians for most of its independent history, including state ownership of many sectors. India's per capita income increased at only around 1% annualized rate in the three decades after its independence. Since the mid 1980s India has slowly opened up its markets through economic liberalization. After more fundamental reforms since 1991 and their renewals in 2000s India has progressed towards a free market economy. In the late 2000s, India's growth reached 7.5%, which will double the average income in a decade. IMF says that if India pushed more fundamental market reforms, it could sustain the rate and even reach the government's 2011 target of 10%. States have large responsibilities over their economies. The average annual growth rates (2007-12) for Gujarat (13.86%), Uttarakhand (13.66%), Bihar (10.15%), or Jharkhand (9.85%), were higher than for West Bengal (6.24%), Maharashtra (7.84%), Odisha (7.05%), Punjab (11.78%) or Assam (5.88%). India is the sixth largest economy in the world and the third largest by purchasing power parity adjusted exchange rates. On per capita basis, it ranks 140<sup>th</sup> in the world.

The economic growth has been driven by the expansion of the services that have been growing consistently faster than other sectors. The progress of economic reforms in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labor regulations. For 2018, India ranked 77<sup>th</sup> in Ease of Doing Business Index. According to Index of Economic Freedom World Ranking an annual survey on economic freedom of the nations, India ranks 123<sup>rd</sup> as compared with China and Russia which ranks 138<sup>th</sup> and 144<sup>th</sup> respectively in 2014. India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnership. With the Improvement in the economic scenario, there have been various investments in various sectors of the economy.

### II. OBJECTIVES OF THE STUDY

1. To study the stages of economic growth.
2. To study the socio economic and political development in India.

### III. RESEARCH METHODOLOGY

The present study is descriptive in nature and is based on secondary data. The data has been extracted from various sources like research articles, publications from Government of India and authenticated websites.

#### IV. REVIEW OF LITERATURE

✚ **Dr. Sushma Shukla (2017)** the article entitled “Innovation and Economic Growth: A Case of India”. This paper defines innovation that includes both production of innovative goods and services and the innovative process of producing goods and services. World Banks data is the primary source of this study. The purpose of this paper is to discover the role of innovation in the economic growth of India. The study found that, Indian economy will grow economic, it will decrease the research and development expense, it will decrease the education spending, it will decrease the FDI and it will also decrease the number of patent applications filed in India.

✚ **Dr. Vinay Kant and Ms Himani Goswami (2016)** the article entitled “Study of Recent Trends in Indian Economy System”. The paper forecasts indicate that the likelihood of India sustaining 9.0% growth during the current decade is very high. The study found that, the concomitant rise in income levels coupled with increasing young working age population will work towards increasing the share of discretionary spending in private final consumption expenditure and raising the savings rate. The study also found that, growth of urban population will be one of the most important demographic shifts during the current decade.

✚ **Shivani Gupta (2014)** the article entitled “A Comparative Study of Indian Economy in Pre and Post Reform Period: An Econometric Analysis”. This paper intends to compare Indian economy in pre and post reform period. This paper tries to analyze how the economic reforms of 1991 in India have affected the GDP growth rate and how it has impacted the contribution of several economic and non economic factors towards GDP growth rate determination. The study found that, GDP growth rate of India has been significantly affected by capital formation rate, agriculture growth rate and electricity consumption.

#### V. STAGES OF ECONOMIC GROWTH

- ❖ **Traditional society:** characterized by subsistence farming or hunter gathering.
- ❖ **Preconditions for take off:** Manufacturing industry begins to develop and a country develops an international outlook.
- ❖ **Take off:** Short period of intense activity where urbanization increases and industrialization proceeds with technological breakthroughs.
- ❖ **Drive to maturity:** Where industry diversifies and investment is made in infrastructure and improving quality of life over an extended period of time.
- ❖ **Age of high mass consumption:** Where mass production feeds consumer demands.

**Table 1: GDP Growth Rate**

Year	GDP Growth
2010	1675.62
2012	1827.64
2014	2039.13
2016	2290.43
2018	2726.32

**Source:** Tradingeconomics.com/World Bank

Social development refers to the process by which a child learns to interact with others around them. As they develop and perceive their own individuality within their community they also gain skills to communicate with other people and process their actions.

#### VI. SOCIO ECONOMIC AND POLITICAL DEVELOPMENT IN INDIA

India stands at number four in the list of world’s largest economies. India have population of around 1.2 billion and soon. India has grown to a global agricultural powerhouse.

➤ **Rural Development:** Increased urbanization and changes in global production system have changes the complete scenario of rural areas. Developments in rural areas are majorly concerned with the proper utilization of land resources and imparting proper healthcare and education to the people of rural areas. Major developments are:

- a) Rural education programme have gained prominence in the past few years. Around 97% children of the ages 6-14 are enrolled in government and private schools.
- b) Focus on increasing tourism in rural areas has been made by the tourism ministry. Tourism has also started pushing agriculture down on the list of main economic drivers of the country.
- c) Development of small scale industries have made people independent and confident.
- d) Various schemes have been launched to upgrade the living standards of people in rural areas. Some of them are MGNREGA, DIKSHA, and BHARATNIRMAN etc.

➤ **Power:** Power sector in India has seen increased participation of private sector, both foreign and domestic. The eleventh plan aimed at addition of 78000 MV of power and the Twelfth plan is even more

ambitious which aims at addition of over 1,00,000 MV of power. There are various problems with the power generation and transmission in our country which are as follows:

1. Transmission capacity lags behind generating capacity.
  2. Land acquisition is a major problem.
- **Military research and development:** Military research and development has not progressed as it was predicted by the observes and hoped by the leaders. The Prithvi battlefield is similar to that of the US Army Tactical Missile System but it is less flexible. To be able to combat during emergency situations it should integrate many more advanced features such as integrated surveillance. The Agni missile is also a completely indigenous design. The Arjun tank was much hyped one, but many army personnel say that it doesn't shoot straight. India has set a budget of \$100 billion for defense purchases for this decade. With this whooping amount India has its sight set on modernizing military and jump start its own defense industry.
- **Media and Entertainment:** Media and entertainment industry has become one of the leading industries in India after registering an explosive growth in the last decade. There are more than 400 channels in the country till date. This improvement came about after foreign and private sector investment in this industry. New forms of media such as animation, visual effects, films and music post phenomenal progress in the recent years, while conventional media (TV, print, radio) still remain dominant in the field of entertainment.
- **Tourism:** Rich history, geographical and cultural diversity attracts large number of international tourists in India. Tourism generates much revenue and opens employment opportunities in the country. GDP of tourism sector has increased by 229% in the years 1990-2011. Tourism generated USD 121 billion revenue.

### ✚ **ECONOMIC GROWTH:**

With fundamental reforms and their renewal in 1991 and 2000s respectively, India has managed to emerge as a free market economy. India is the 4<sup>th</sup> largest economy in the world. According to the ease of doing business index, India was ranked 132<sup>nd</sup> in the year 2012 and ranks 123<sup>rd</sup> in Index of Economic Freedom world ranking.

- ★ **Agriculture:** India is the 2<sup>nd</sup> largest food producer in the world. Agriculture and allied sectors like fishing, forestry, etc. gave employment to 60% of the total workforce with 18.6% of GDP in 2005.
- ★ **Oil and Natural gas reserves:** India has massive reserves of oil and natural gas. As of January, 2010, India has about 5.62 billion barrels of oil and 1.437 billion cubic meters of natural gas reserves.
- ★ **Employment:** Employment growth in India is only 2.3% per year, but labour force is growing by 2.5% a year. Unemployment in India is more than 9% and only 10% of workforce is engaged in regular employment.
- ★ The government of India has taken an initiative to eradicate child labour and massive allocations have been made for the same. It was US \$ 10 million in 1995-96, US \$ 16 million in 1996-97 and US \$ 21million for the year 2007.

### ✚ **INFRASTRUCTURE:**

Aspirations of Indians are soaring high. This requires massive investments to create new jobs, housing and to make cities and towns more loveable. With the development of India's human potential, infrastructure development plays a major role to determine the shape of country. Infrastructure of any country boosts its pride and India has been witnessing continuous changes in this sector be it roadways, railways, airport etc. Following are developments:

1. Mumbai's eastern freeway a magnificent second largest flyover of India opened to public in June, 2013.
2. Indore BRTS reflects a planned commuting system in India, which helps in the reduction of emission and reduces pollution by improving air quality July, 2009.
3. Double Decker trains (April 2013), Solar park in Gujarat (April 2012), GIFT city in Gujarat, Metro rail project in various cities. Modernizations of underway at airports, etc. are a few worth noticing infrastructure developments in India.

### ✚ **URBANIZATION:**

It was after India's adoption of mixed system of economy that urbanization in India gained prominence. Only 11.4% of population resided in urban areas according to 1901 census. The count kept on increasing and it was 28.53% in 2001 and crossed 30% in 2011, constant at 31.16%. It has been analyzed in a survey that by 2030, this count will go up to 40.76%. Delhi's population increased by 4.1%, Mumbai's by 3.1% and Kolkata's by 2.1% in 2011 as compared to 2001 census. Right now, India has around 300 million people living in metro cities. Our country is witnessing the massive wave of urbanization as around 10 million people migrate to towns and cities every year in search of jobs. This is also being termed as the largest rural to urban migration of India.

## **EDUCATION:**

There has been a drastic change in the field of education in India. Education system has witnessed a great extent of development in the past few years. This is due to increased investment and various mushroomed institutes all over the country. The literacy rate in India was recorded as 74% in 2011 census. India is now ranked at number 3 after China and USA in the field of higher education. Education system in India has seen many critical changes. Some of these changes are very advantageous. Following are the developments:

1. Online education in India is an advantageous system that aims at delivering education to the students via internet. This can simultaneously be done with one's present job. Thus online education is one kind of a revolution in the field of education system.
2. Distant education is also one of its own kind benefited forms of learning that aims at helping students who cannot attend regular classes.

## **HEALTHCARE:**

Health care systems are established all over the country to provide better diagnosis, treatment of diseases, illness, etc. Health care plays a significant role in any country's economy. Therefore, in India too, health care is given a prominent attention. The 12<sup>th</sup> five year plan also underlined various strategies related to health. Following are the developments:

1. Substantial expansion and strengthening of public sector health care systems.
2. It stresses on cooperation between public and private health care providers.
3. Expansion of medical colleges and hospitals etc.
4. Various NGOs like Indian Heart Foundation etc. have been created to spread health related awareness.

## **VII. RECENT DEVELOPMENTS**

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's nominal GDP growth rate is estimated at 12 % in 2019-20. The estimate for 2018-19 was 11.5%. India has retained its position as the third largest startup base in the world with over 8,900-9,300 startups, with about 1,300 new start-ups being founded in 2019, according to a report by NASSCOM. India also witnessed the addition of 7 unicorns in 2019 till August, taking the total tally up to 24.

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The Mergers and Acquisition activity in India increased 53.3% to US \$ 77.6 billion. Following are some of the important recent developments in Indian economy

- Exports from India increased 1.60 % year by year to US \$ 356.96 billion in April - November 2019.
- Nikkei India Manufacturing Purchasing Managers Index stood at 52.7 in the December, 2019, showing expansion in the sector.
- Mergers and Acquisition activity in the country has reached US \$ 48 billion during Jan-Sept. 2019.
- The gross tax revenue stood at Rs. 11.74 lakh crore out of which income tax collection contributed Rs. 2.67 lakh crore between April to November, 2019.
- Companies in India have raised around US \$ 114.1 billion through 768 Initial public offers first nine months of 2019.
- India's foreign direct investment equity inflows reached US \$ 436.47 billion between April 2000 and June 2019, with maximum contributions from services, computer software and hardware telecommunications, construction, trading and automobiles.
- India's cumulative growth of Index of industrial production with base 2011-12 for the period April-September 2019 stands at 1.3%, with September, 2019 stands at 123.3.
- Consumer price index - combined inflation 3.3% in April-September, 2019.
- Around 12 million jobs in a year were created in India during 2015-19.
- India improved its ranking in the World Bank's doing business report by 14 spots over last year and is ranked 63<sup>rd</sup> among 190 countries in 2020 edition of the report.
- India is expected to have 1,00,000 startups by 2025, which will create employment for 3.25 million people and US \$ 500 billion in value as per T. V. Mohan Das Pai, Chairman, Manipal Global Education.
- The World Bank has stated that private investments in India is expected to grow by 8.8 % in 2018-19 to overtake private consumption growth of 7.4% and thereby drive the growth in India's gross domestic product in 2018-19.
- India is expected to retain its position as the world's leading recipient of remittances in 2018, with total remittances touching US \$ 80 billion according to World Bank's Migration and development brief.

### **VIII. FINDINGS OF THE STUDY**

1. Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India.
2. India improved its ranking in the World Banks doing business report by 14 spots over last year and is ranked 63<sup>rd</sup> among 190 countries in 2020 edition of the report.
3. India's cumulative growth of Index of industrial production with base 2011-12 for the period April-September 2019 stands at 1.3%, with September, 2019 stands at 123.3.
4. The government of India has given a massive push to the infrastructure sector.

### **IX. SUGGESTIONS**

1. Foreign investment in infrastructure sector must be welcomed by the government.
2. Government should take steps to ensue unexploited power potentialities so that demand supply gap can be reduced.
3. Public private partnership in the development of infrastructure should be encouraged.
4. Periodic evaluation of the programme with a view to incorporating suitable changes and modifications therein may be useful to improve their performance.

### **X. CONCLUSION**

The socio economic factors that determine health include employment, education and income. Socio economic refers to society related economic factors. These factors relate to and influence one another. For example, the employment of a person will dictate his income. The income level often correlates to the level of education and the level of education helps to dictate the employment. Indian economy has successfully developed in highly advanced and attractive clusters of business in the technology space. India has followed a different path of development from many other countries. India went more quickly from agriculture to services that tend to be less tightly regulated than heavy industry.

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