Dynamics of Indian Economic Growth : Can India become an Economic Powerhouse by 2025?

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This paper analyses whether India can become an economic powerhouse by the 2025. The study is confined to the period between 1991and 2014 because the Government of India introduced a new economic policy in 1991 and took all initiatives towards globalization of India in almost all sectors. The study asserts that India is at present on high growth trajectory and there is every possibility of continuing the high growth trends in the ensuing years and reach middle income country within a decade that will ultimately lead to economic powerhouse house in the following decade. It is evident in this study that, in the present business environment, the vast increase in investment in the private, government and foreign sources along with speedier energy and human resource development is the most acceptable driving force to march fast towards the economic powerhouse in the next decade.

Keywords: Globalization, Growth rate, Exports, Imports and GDP

Introduction

During the period between 1947 and 1991 India has been a mixed economy with inward looking and but after the fiscal crisis in 1991, India has to bring a new economic policy to overcome such situation and gradually became global in many economic activities. After globalization of India, many new economic activities are growing fast and the new activities generated abundant opportunities for growth and diversification of private industry and as a result, as opined by the Boston Consulting Group, India has become the seventh largest nation in terms of private wealth distributing economic benefits to different walks of people. As such, Indian economy has become the 7th largest economy in nominal GDP and is one of the 20 major economies. In this backdrop, the study aims to analyze the following objectives

1. It tries to analyze whether India can become an economic powerhouse house by 2025.
2. It attempts to analyze the relationship between Indian demographic profile and high economic growth.
3. It examines the potential of investment strategy towards making India an economic powerhouse.
4. It analyses the sectoral growth prospects and energy requirements towards high growth potential in future.
5. It examines the relationship between saving and investment and the increase in income and their impact on faster economic growth.
6. It also examines the potential of exports and imports of India towards high economic growth trajectory.

Significance of the Study

Since India is on the high growth trajectory and it is performing well among emerging economies in the past decade, this kind of study assumes a considerable significance in the present world scenario to evolve further economic policy towards speedier economic growth.

Review of Literature

Henderson,Jason[1](2002) examines the entrepreneurial activity in Rural America and concludes that creating opportunities for high growth entrepreneurs assumes much importance and to develop such high growth entrepreneurs,the rural community must overcome the challenges of being small.

Andrew B.Bernard & J.Bradford Jensen[2] (2004) examines the probability of firms in US in entering export in terms of plant characteristics, spillover from neighboring exporters, entry costs and government export promotional expenditures and founds that the plant characteristics have a profound effect on the probability of entering exports than government export promotional expenditures.

Tony Addison, George Mavrotas and Mark Mcgillivray[3] (2005) concludes that the financial aid and other developmental financial flows are absolutely essential if poverty is to be reduced remarkably by 2015 in Sub-Saharan Africa and the Pacific countries.

William Nordhaus[4](2007) argues that the damages from climate change are very heavy and all countries should take

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immediate and appropriate actions every way to minimize the greenhouse gas emissions.

Ming Fang,Chak K.Chan & Ziaohong Yao[5] (2009) argues that global climate change is a real threat to civilization and the fast growth of India and China depends upon coal for energy and as a result it will result in serious atmospheric particulate pollution .The paper further pointed out that China should revisit the traditional "develop fast and clean up later approach" towards economic growth and development.

S.Nichter,L.Goldmark[6](2009) opines that most of the small firms in developing countries will not grow rapidly because of the typical individual attributes, typical characteristics of firms, social network, and the contextual business environment.

Richard Hienberg & David Fridley[7] (2010) forecasts that the coal reserves will run out faster and the countries relying on cheap coal will never sustain in future.

Lance Taylor ,Christian R.proana,Laura De Carvalho and Nelson Barbasa[8](2012) opines that the fiscal deficit/ income ratio reacts counter cyclically to grow, whereas growth reacts either positively or negatively to the fiscal deficit.

Pietro F. Peretto &Simone Valente[9](2015) opines that if labour and resources are substitutes in production, it will result in a stable relationship between income and fertility and if they are complements, it will lead to either demographic explosion or collapse.

Research Methodology

The study is based on the new economic policies and development activities during the period between 1991 and 2014.India introduced a new economic policy in 1991 and hence 1991 has been selected as the base year for the study and from this year, private participation and liberalization of regulation on business were given much importance to push India to high growth path. The study is based on the secondary data sources such as reports of Reserve Bank of India, reports of various committees constituted in India to study contemporary economic issues, McKinsey Reports, Indian Economic Survey, National Sample Survey Reports, Journal of Indian Institute of Foreign Trade, Reports of Director general Commercial Intelligence and Statistics etc.

Indian Demographic Profile and Growth Rate

With regard to demographic profile, one of the salient features of Indian economy is that the percentage of population between 15 and 59 years, which was 55.58 percent in 1991 increased to 63.38 percent in 2011. The percentage of the population below five years, which was 12.8 percent of the total population in 1991 declined to 10.1 percent in 2011. India has a large workforce and the abundant human capital is an encouragement for inducing different types of investment. Besides, the demographic profile of India is more likely to be much better than China and many other developed countries and in the ensuing decades, human capital with skill development seems to be one of the greatest challenges as well as assets in India for further economic growth. Without training and skill development, it reduces the competitive edge due to stagnant productivity as compared to developed countries. As far as India is concerned, there is every possibility that the demographic curse can be converted into demographic dividend. Regarding skill development, the UPA regime targeted Skilling 50 crore people by 2022 and the present government regime targeted to 40.2 crore people for skill development by 2022. The efforts towards skill development, for example, the government approved the creation of Aerospace and Aviation Sector Skill Council which plans to impart training to 5 lakh trainees and groom 6000 trainers over a period of ten years. Forward the skill development, the National Skill Development Corporation is taking various kinds of measures for skill development. As per Census Commissioner and Register General of India, in 2011, only 8.15 percent of Indians are graduates and India has still more illiterates which is more than 6 times of graduates. In this situation,the skill development in India still exists as a full blown crisis because only 5 percent of our work force is certifiably skilled where as In China, it constitutes 45 percent .There is every hope that the high proportion of youths in India can be skilled through the digital focus. The Pradhan Mantri Kauhsal Vikas Yojana aims at providing skill to 2.4 million youth through cash incentive schemes. Such kinds of skill development are being undertaken every way and, nevertheless, qualitatively matching workforce force and employment opportunities still remains as a challenge for India and this problem acquires an entirely different dimension when seen in the context of the current situation. Due to the dearth of specialized skills, the Indian corporate companies are struggling hard to go for retention plans and policies to keep talent intact in their business units. The current problem is the severe paucity of highly trained labor and the educated work force are lacking job skills. At present, apart from the academic degree, the companies in India are searching for multi-skilled experts who are aware of digital access to various business tasks and as such,India can very well create talent arbitrage opportunities as compared to developed countries. It is quite befitting to note that the Honorable Prime Minister of India, Narendra Modi while giving away loan papers under the Skill India Program, at New Delhi opined that when China has become the 'Manufacturing Factory' of the World, India can become 'Human Resource Capital' of the world.

Particularly after the introduction of new economic policy, the growth rate of India showed some encouraging results as compared to most of the developed countries. Union budget 2015-16 projected the growth rate 7.4 percent and it is interesting to note that the IMF and Asian Development Bank have also projected more than 7 percent growth rate in India in 2015 and 2016.Many economies in the world faced the impact of the financial crisis in 2008-09 and many economies in Europe were reeling under debt crisis but India economy was registering growth all through these years. China maintained an average growth rate of 10 percent for the last three decades, but the current global trends and the economic situation of China assert that the Chinese economy is likely to grow at slower space as compared to India in the ensuing years. Even OECD countries have grown an average of around 1.5 percent during the period between 1991and 2013. But, India is more likely to grow 8 percent if the present reforms and economic trends sustain in the forthcoming years. Indian GDP touched $2 trillion mark in 2014 as per the estimate of World Bank and India took 60 years to reach 1 trillion mark in GDP whereas it took seven years to reach 2 trillion mark in 2014 registering the per capita income of $1610.However India still remains in the lower middle income category that is between $1046 - $4125 while China GDP reached $10.4 trillion in 2014 with the per capita income $7380 which comes under upper middle income and it is expected to reach High Income country like USA, U.K., Germany, Japan etc by the year 2025 . The Global economy is expected to grow 3.3 percent in 2015 which is marginally less than the year 2014 and the global growth in 2016 is expected to be 3.8 percent. However, Indian economic growth is encouraging as compared to the well developed country like US where the GDP growth seems to be 2.3 percent in 2015 and 2 percent in 2016. In spite of the comparatively high economic growth trends in India, IMF identified near term risks such as financial market volatility and disruptive asset prices and medium term risk such as lower potential growth both in developed and emerging market economies.

Sectoral Growth Prospects

Regarding manufacturing sector growth, more no multinational companies are interested in investing in India to diversify their products in manufacturing and so, it will be a boost as well as a boon for the Indian manufacturing sector. Mckinsey report opined that India manufacturing sector will grow by 6 times by the year 2025 and so India has to improve productivity every way which is at present 5 times less than Thailand and China. The report further highlights that during the period between 2001-2010, though certain manufacturing sectors exports such as auto components, engineering goods, generic pharmaceuticals and small cars were growing, but India's manufacturing sector exports accounted for only 5 percent of global manufacturing exports while China accounted for 45 percent. The automobile industry is more likely to experience growth as a result of increase in income and easy accessibility to car loans in India. The Governments in all states and the Central Government are striving every possibility to take all efforts to attract investors by removing obstacles in terms of land, labor and infrastructure, etc. However, the mixed trends of profits are visible in manufacturing companies as well as in publicly listed companies in India and the manufacturers in certain companies are not in a position to command pricing power. In some manufacturing sectors such as electronic products, computer hardware, components, high tech machine tools etc. The investment trends are promising. For example, in the area of defense products manufactuing, under the "Make in India" initiative,American aerospace and defense major Boeing has signed an agreement with Tata Advanced System Ltd (TASL) to expand its aerospace manufacturing footprint in India which will pave the way for massive potential for India to strengthen aerospace manufacturing. The Indian government has identified 25 sectors such as automobile, chemicals, IT industries, textiles, ports, Pharma, railways, tourism and hospitality industries, aviation, leather, etc. where growth potential is comparatively very high.Boeing predicts that India needs 1740 airplanes and the world need 38050 airplanes in the next 20 years.India has high potential for air travel growth both for leisure and business. The pragmatic view is that India has to push hard to tap the strength of our economy from the wave of digital revolutions around the world. The government initiative to encourage India made chips in the strategic sector, such as space, atomic energy, information technology and defense research is the best step in the right direction. Thus India is on the path to 'Manufacturing Hub' but still it seems to go a long journey to achieve the desired result comparable to China. With regard to human resource in the manufacturing sector, Indian advantage does not lie in cheap labor alone, but it lies in productive, skilled labor and improvement in the conditions at work such as decent wages, permanent, contract, differential wages, workplace security, social welfare schemes etc.

With regard to service sector growth, the Indian service sector, which comprises construction, telecom, software and information technology, infrastructure, tourism, education, health care, travel, trade, banking etc are growing comparatively very faster than the Indian industrial sector and the service sectors of most of the developed countries. About 60 percent of our GDP is from the service sector and therefore it is one of the key drivers of economic growth. India was the 6th largest exporter in services in 2013 and India's service exports $145 Billion, which is about 50 percent of merchandise exports $300 Billion. In service exports, India came down to 8th place in 2014, which was overtaken by Japan and Netherland. The huge domestic market and huge population have added strength in the Indian service sector and because of this fact, the Indian consumer market has been growing every way and it has been the boon for many consumer products producers in India. For example, India is the fastest growing smart phone market in the world and it may generate more demand for smart phones in the coming decades. At present, the largest consumer market is United States followed by Japan, China and the United Kingdom and India is now the 12th largest consumer market and it is likely to reach 5th place globally by the year 2025. The Mckinsey Global Institute's report highlights that Indian consumer market is prone to splendid transformation which is symbolized as 'the bird of Gold' and the present Indian middle class which is 50 million is likely to increase many folds in 2025 and certainly, the percentage of people in desperate poverty will gradually decline.

Energy sector revitalization assumes a considerable importance In India in view of the current trends of economic growth. For making India economic powerhouse, the growing need for energy in terms of households, offices and factories in India is tremendous and for the last two decades, the energy needs in many sectors have grown rapidly. Because of the globalization of Indian economy, more investments are likely to take place and the growing needs of energy are unbounded. India power plants are not very healthy in all periods because of poor growth in production of coal and fluctuations of oil and gas production. So India has to lure international investors for investing in the energy sector and International Energy agency Chief Economist Fatih Birol opined that India requires $100 billion investment every ensuing year to make a satisfactory progress in the energy sector. Energy Development of India struggles hard to keep pace with the development of economic growth and as compared to other sectors, energy development needs a higher level of priority in terms of investment. In the total population, the developing countries populations constitute 80 percent, but uses energy only 40 percent of the global energy. As compared to the United States, the per capita energy consumption of an American is 32 times more than India and to make India a great power house, It needs a tremendous effort towards hydro, solar and wind energy development. Erratic power supply and frequent power outages in certain states have caused an unbearable financial burden on Indian industries because the Indian industries are unable to afford expensive and unsustainable diesel back up to cover the shortfalls in energy and particularly, small and medium scale industries are worst hit. If India aims at significant progress in manufacturing sector it needs to focus on primary energy demand of industries. Rooftop Solar power solutions provide electricity comparatively at lesser cost than diesel based system or hydro electricity and hence it is prudent to aim for a wise energy mix for diversified use of energy. The Union government has initiated plans to set up solar power plants at 26 locations in India at top buildings and vacant lands taking a cue from Germany to generate solar power capacity to the level of 20,000 MW and aims to make India a leading country in solar energy production in the ensuing period.

Increase in Income

Making India an economic powerhouse basically necessitates an increase income of the people comparable to certain well developed countries. Based on 2004-05 prices, the Indian national income which was Rs 93.88 lakh rupees in 2012-13, increased to rise to Rs.105.39 lakh crores in ($1.7 trillion) in 2013-14 registering 12.26 percent increase and the per capita income reached Rs 74,920 at the end of 2013-14.Infact, the increase in income has a great impact on consumption patterns of India people which has in turn triggered an investment in diverse field. As per Mckinsey Global Institute, in India, the demographic profile and the growing education spread and standard will result in increase income which ultimately leads to higher levels of consumer spending and economic growth. The report of Wealth X reveals that the number of dollar millionaires in India, which was 1.96 Lakh in 2013, increased to 2.5 Lakh in 2014 and the number is likely to reach 4.37 lakh in 2018 and 9.74 lakh in 2023.India had 8595 ultra high net worth individuals in 2014 and there will be 23 million wealthiest people by 2025. As a result of globalization, the inequality of income has increased in India, but at the same time, the increase in economic growth has led to better provision of employment guarantee schemes, universalisation of education, development of rural health and the Provision of food security, provision of various kinds of transfer payments both by the central and state governments. There has been increase in income for all walks of people after globalization, but at the same time, there have been setbacks for increase income in certain specific areas in the industrial sector and most of the activities in the agricultural sector. In 2014-15, the growth rate in agricultural sector was 0.2 percent and the increase income for most of the small and the marginal Agri-farmers all over India seems to be deplorable in spite of the overall growth in income in the service sector. In certain Indian states, most of the farmers experienced drastic decrease in income and this situation led them to live in distress and this situation still exists and it is a great challenge to the Government at the center and the governments in the states of India to increase income for the agricultural sector. Again, according to the Ministry of Housing and Poverty Alleviation, the average income in slums is ranging between Rs 5000 and Rs 10000. Therefore, we cannot be complacent with the increase income in India because the US per capita income is 22 times more than India and India has to pass through a strenuous journey to reach that level of income in the future.

Savings and Investment

For making India highly viable economy, apart from FDI and FII, the factors governing the deposit mobilization and credit demand are very important for investment and economic growth.An Indian saving rate, which was 38.1 percent of GDP in 2008 declined to 30.1 percent of GDP in 2013.The main source of Indian saving is the household sector and it is supplemented by the private corporate sector and the government sector. The household sector savings accounted for 22.8 percent of GDP in 2011-12 declined to 21.9 percent of GDP in 2012-13 and, during the same period, private sector savings declined from 7.3 percent in 2011-12 to 7.1 percent in 2012-13.The public sector savings contributed 2.3 percent of GDP in 2004-05 declined to 1.2 percent of GDP in 2012-13.In rural India, the purchase of gold is still an important avenue for savings and most of the savings will not be accrued as bank deposits. In this situation, Doha Bank, which is already operational in more than 12 countries is interested to enter Tier II cities in India and is likely to offer 6 to 9 percent interest rate and such type of trends will be very competitive for Indian Banks for savings and investment. Currently, interest war is going on between countries, but in the future because of globalization, the interest war will be going on among different types of banks within the country and that kind of development will lead to lots of hardship to the banking sector for deposit mobilization and credit demand.

Undoubtedly, investment is one of the great pillars of economic growth in spite of the fact that investment will take place in different modes, different dimensions and different levels. As such, investment is taking place in terms equity in the corporate sector, government corporations and private sector enterprises, corporate and government bonds, mutual funds, government securities, etc. Apart from commercial banks, India insurance sector also providing a lot of opportunities for investment and the role played by LIC of India is noteworthy in accelerating investment in corporate and certain government sectors. Besides, the new economic policy of India has paid perceivable dividends in terms of Foreign Direct Investment. Most of the industries in India, Foreign Direct Investment is allowed up to 51 percent and in certain export oriented industries it is 100 percent and even industries reserved for small scale sector, FDI is allowed up to 24 percent. The cap on FDI was raised to 49 percent of the insurance and pension sector, 74 percent in banking, 49 percent in defense and 100 percent in the railway infrastructure and certain medical services. In fact, such sectoral caps are diffused by other downstream investment of various nature and however, the government should reform the investment regime in every possible way and the existing overall investment is not sufficient for making India an economic power house in the near future. The pleasing development is that FDI's are enjoying tax exemption and investment incentives both from central and state government and the competition among Indian states in enhancing FDI investment is an encouraging trend in inducing investment in India. In certain areas, India has high potentiality to attract foreign investment, but the trend of foreign investment is not encouraging in all economic activities and particularly it is very healthy in sensitive sectors such as software, defence, telecom etc. As a consequence, India's corporate investment in certain sectors is growing and there is lot of investments in such corporate sectors. In March 2013, the Indian corporate debt market constituted 5.4 percent of the GDP .Now the governments explore the possibility of Bond Guarantee Corporation of India with Rs5000 corpus with 51 percent owned by private sector to underwrite the bonds issued by PSUs, private firms to attract investments from insurers, pension funds, Asian Development bank etc. To encourage investment, the Government of India has recently allowed seven state owned entities such as NHAI, IRTC,NPTC etc to raise Rs 40,000 crore in the current fiscal through tax free bonds. According to ET Intelligence Group, the debt to Ebidta ratio(earnings before Interest, depreciation, taxes and amortization) of BSE 200 companies which was 2.41 in 2010-11 increased to 3.04 in 2013-14. There has been an increase in participation level by private equity players such as Warburg Pincus,Piramal Reality in Indian real estate which will boost investment in Indian real estate and raise the level of real estate in India to the international standard.

Whatever may be the situation regarding investment, in par with the economic trends, the Government of India has to give a great fillip bring investment led economy at all times and it is the only way to achieve great advancement in Indian economy. The SEBI has plans to create Institutional trading sytem by allowing new technology companies or start-ups with even Rs 10 lakhs investment to get listed in the domestic market and raise funds but small investors are not allowed to invest in these companies. The Indian companies increasing trends in investment abroad can be better understood from the fact 'Indian Roots, American Soil' report brought by Confederation of Indian Industry, New Delhi reveals that Indian firms operating in US have created till now about 91000 jobs and invested $15.3 billion in FDI across US states and India is now the fourth largest growing source of investment to US. As already opined by our Honorable Finance minister, we should make India more attractive destination for foreign investment for making India an economic power house and the present level FDI and FII are not sufficient to reach such heights and the government should explore the every possibility of enhancing investment to much greater level both from domestic and foreign sources.

As far as debt of a country is concerned, we can not make clear-cut demarcations on optimum debt level for economic growth because the existing evidences of debt levels in different countries show that the countries which are having different level of debt to GDP, registered different level of ill-logical GDP growth. According to Mckinsey Global Institute,the global consulting firm,since global financial crisis 2007,the worldwide debt has increased to $57 trillion outpacing the world output growth.Most of the times, if a country succumbed to high level of debt it can easily fall on economic problems of various nature irrespective of the debt arising from corporate sector or household sector or government institutions.In most of the countries when the economy grows,the debt has also grown along with GDP, but the ratio of total debt to GDP registered in smaller proportion in most of the small countries. The Chinese debt –GDP ratio, which was 55.2 percent in 2008 increased to 88.1 percent in 2013. Mckinsey estimates that the overall debt of China , including government, household and businesses amounts a mind-boggling $28 trillion, which is almost three times more than the size of their economy but China still maintains its growth strategy. In the US, the GDP in 2013 was $16.77 trillion and the US government debt to GDP, which was an average 60.82 percent during the period between 1940-and 2013 and reached 101.52 percent of the GDP in 2014. Nevertheless, in certain countries, the debt crisis became so grave in certain periods and for instance, in June 2015, Greece faced € 1.5 billion payments to the IMF and € 6.7 billion payments to European Central Bank and the country is now ill-afford to make payments and the Greece exit from Euro zone will also be very costly for Greece and its creditors. However, as far as India is concerned, at the end of March 2015, the outstanding internal and external debt and other liabilities of the Government of India was estimated at Rs.62.78 Lakh crore, of which, the external debt accounted for Rs.1.94 Lakh crore .

Merchandise Exports and Imports

Considering the period between 2000 and 2013, India's share in the global exports, which was 0.7 percent in 2000 increased to 1.7 percent in 2013.It is interesting to note that during the same period, the share of Indian exports exceeded Australia, Brazil, Thailand, Malaysia, and Indonesia. India's total merchandise exports increased from $252bn in 2006 to $794 bn in 2012 recording three times increase.The share of Exports to Asia, which was 40.2 percent in 2001-02 increased to 51.6 percent in 2011-12 but, the export to Europe, which was 24.8 percent in 2001-02 declined to 19 percent in 2011-12. During the fiscal year 2015-16,Euro fell by Rs 6 against the Indian rupee and it hits the exports of various commodities to Europe. In 2012, the main export item was petroleum products $56 billion, followed by gems and jewellery $47billion followed by Pharma products, transport equipment, machinery and ready-made garments. Indian exports to GDP, which was 8 percent in 1990 increased to an average 18 percent during the period between 2005and 2007 and declined to 17 percent in 2013. India is seeking more tariff concessions from China for export of products such as oil seeds, textile items, marine products, etc. under the Asia Pacific Trade Agreement, which is a preferential trade agreement between six countries namely India, China, Sri Lanka, Laos, Bangladesh and South Korea. India's trade deficit with China was $36 billion in 2013-14 and it is likely to reach to the level of $60 billion in the subsequent two years. According to WTO- Director General, Roberto Azevedo, the global trade is likely to grow only 3.3 percent in 2015 and it may affect Indian exports because of poor recovery of developed countries economic growth .During the period between July20, 14 and March 2015,the US dollar appreciated 14 percent against other currencies and it is likely to dampen the Indian exports. The total Indian exports were $ 317 billion in 2014 but India foreign trade policy aims at $900 billion exports by 2019-20.

Regarding imports,In 2012, crude petroleum was the biggest import item $155 billion, followed by gold and silver $62 billion and further followed by electronic goods and pearls and precious metals. In 2013-14, China is the main source of imports to India account for 11.3 percent of the total imports, followed by Saudi Arabia, UAE, the US, Iraq and Switzerland. The changing geopolitical dynamics of Asia have played a major role in bringing India and China together in the trade relations. In the same year 2013-14, the prime import items are petroleum, crude and products 36.7 percent, capital goods 18.9 percent, gold and silver 7.1 percent, and organic chemicals 4.5 percent, Coal, coke and Briquettes etc. 3.6 percent, fertilizer 1.4 percent, Metalliferrous ores and metal scraps etc 3.0 percent, Iron and Steel 1.8 percent, pearls precious and semi precious stones 5.3 per cent and others 17.6 percent. However,Indian exports registered decline for the last seven months of 2015 because of weak global demand and lack of competitiveness of Indian rupee. For making India an economic powerhouse, tremendous efforts should be taken for the growth of exports which can be one of the pillars.

Conclusion

To conclude,it is evident in this study that the successive central and state governments , with an view of sustain their government, aim at uplifting the Indian economy by various economic measures for higher growth paths, apart from vigorously introducing various types of welfare schemes for the poorer sections which ultimate benefit weaker sections of society. The study asserts that the making of India an economic power house depends on how the present government economic agenda namely 'Digital India', 'Manufacturing Hub', 'Skill development' 'Make in India' programmes are carried out with great vigor and vitality in the present world economic environment and how best saving and investment will be strengthened apart from improving productivity of capital. Therefore, given the strong and healthy macroeconomic fundamentals of Indian economy and in the current mundane business situation, speedier enhancement of investment through domestic and foreign sources can be a main driving force to march fast towards economic powerhouse in the next decade. The study also reveals that human capital is one of the great assets in India to march towards economic powerhouse in the ensuing decade. Again, to push India to a high growth trajectory, India has to sustain 4 to 6 percent inflation, low level of current account deficit and minimum level of fiscal deficit in the ensuing period. The agricultural sector still exists as a great challenge for the government of India to push high growth and the prospects are not promising. The study underlines the importance of the growth in the power sector as well as in the infrastructure which necessitate huge investment to sustain a higher growth path. As far as India is concerned, undoubtedly, Infrastructural development will impart greater resilience of the Indian economy to be very competitive at the world level. Again, land acquisition and labor reforms are also very pivotal for making India to sail towards higher growth path. Foreign companies need APA (Advance pricing Agreements) to give certainty to investors regarding their tax dues. In the globalization era, for speedier growth in foreign investment, the an Indian tax system needs some kinds of concerted efforts towards transfer pricing and it should be in tune with sharp tax procedure practices at global level companies. India has to resolve the dispute through the Mutual Agreement Procedure (MAP) that is a conciliation mechanism available in the tax treaties between any two trading countries. Making all government programs success is really challenging and hence, the real potential lies in the fact that India has to identify the current issues which retards the current government economic agenda, remove the greatest obstacles in domestic investment, FDI and FII and sideline the hardliners and take a pragmatic view that address them effectively for making India an economic powerhouse in the ensuing decade.

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ANNEXURE

Table 1 : Sectoral Growth Rates and Structural transformation

		Annual Average growth Rate(%)			
Phase	Period	GDP at Factor cost (current prices)	Agriculture	Industry	Services
I	1951-52 to 1979-80	3.5	2.1 (43.9)	5.4 (15.0)	4.5 (39.2)
II	1980-81 to 1993-94	5.3	4.0(31.8)	5.7(19.6)	6.1(48.0)
III	1994-95 to 2002-03	6.0	2.2(24.1)	6.3(21.0)	7.7(54.9)
IV	2003-04 to 2007-08	8.7	4.9(18.4)	8.8(20.3)	9.8(61.3)
V	2008-09 to 2012-13	7.2	2.9(14.5)	5.4(19.9)	8.8(65.6)

Figures in parentheses indicate the different sectors to Total GDP
Source : Central Statistical office(CSO),Government of India& RBI bulletin ,November 2013,P-82

Table 2 : Major Macro Economic Variables

		Average growth Rate		In percent				
Phase	Period	GDP_{fc} constant prices	NNP_{pc} constant prices	Investment rate current prices	Saving Rate	Combined GFD(current prices)	CAD (current Prices	WPI Inflation
I	1951-52 to 1979-80	3.5	1.3	14.5	13.4	N.A	-0.9	5.7
II	1980-81to 1993-94	5.3	2.9	21.2	19.5	7.9	-1.7	8.7
III	1994-95 to 2002-03	6.0	4	24.9	24.1	8.3	-0.6	5.9
IV	2003-04 to 2007-08	8.7	7.1	33.9	33.3	7.4	-0.3	5.3
V	2008-09 to 2012-13	7.2	5.2	35.7	32.6	8.2	-3	7

Note : GDP_{fc}-Gross Domestic product at factor cost. NNP_{pc}-Net National product per capita CAD-Current Account deficit/GDP
Source : Central Statistical Office CSO, Government of India &RBI- Handbook of Statistics of The Indian Economy

Table 3 : Computer Services Exports and ITES/BPO

Period	Computer Services Rs Billion	ITES/BPO Services Rs Billion
2008-09	1219.6	452.8
2009-10	1266.6	570.3
2010-11	1598.4	571.7
2011-12	1867.1	617.7
2012-13	2447.8	957.4

Source: 1) RBI Survey on Computer software & information Technology Enabled Service Exports 2012-13
2) RBI Monthly Bulletin, March 2014 P-54

Note : Countrywise Distribution of software Services exports in 2012-13 in percentage(USA and Canada64.1,Europe 20.1,Asia 4.8,Australia and Newzeland 3.5 and other countries 7.4)

Table 4 : Major Destinations of Export Growth in 2013-14

Country	Exports US$ million		Contribution to Exports Growth(%)		Major Products
	2012-13	2013-14	2012-13	2013-14	
US	36.2	39.1	-25.6	24.3	Gems and Jewellery, Petroleum Products and Marine Products
Saudi Arabia	9.8	12.2	-73.8	19.8	Petroleum Products, Rice and Transport Equipments
Iran	3.4	4.9	-17.1	12.8	Rice Basmati, Oil Meals and Primary and Semi-finished to Iron and Steel
China	13.6	15.0	85.1	11.9	Cotton Fabric, Petroleum Products and Transport Equipments
European Union	50.4	51.7	38.4	10.5	Ready-made Garments, Chemicals ,Leather and Gems and Jewellery
Tanzania	2.2	3.5	-9.9	10.6	Petroleum Products

Source : DGCI&S &Annual report 2013-14:Supplement in RBI bulletin September 2014