

Indian economy(international business)



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Indian Economy: The Indian economy has been growing at a phenomenal rate over the last few years. It is expected to maintain that rate in the near future too, which would make it an economic superpower in its own right.

While this turnaround in India's economy is a source of celebration for the world community, there are some genuine reasons for worry as well.

The foremost of the concerns is inflation. The high growth is matched by a high inflation inducing confusion in the minds of consumers. The rising prices of commodities had sapped much of the initial optimism.

The value of the Indian Rupee against the U. S. Dollar is presently unfavorable. The economic boom of the last few years that had created new markets for the disposable wealth of the affluent middle class is also accompanied by high interest rates. Although the government's decision to increase interest rates is done to balance the welfare of the poor with the economic boom, it is certainly expected to pull back the rate of growth. The growth rate of around eight percent, seen in the last four years, is bound to fall as a result. This prospect has made Indian business leaders a little uncomfortable. While large corporations can overcome this hurdle by borrowing from other countries, the small and medium scale businesses will undoubtedly suffer.

Since the starting of the liberalization and deregulation phase, the country has largely come to depend on private corporations for infrastructure development. The successive governments during the last 15 years have been reluctant to initiate infrastructure projects – as raising taxes would result in unfavorable public opinion. But a country's economic advancement is inevitable linked to its infrastructure and one cannot manifest without the other. This flaw had already started to expose some limitations. The meager

budgetary allocation for highways and railroads had led to a substandard transportation facilities. Government investments in energy, water-treatment and sewage-treatment plants had been disproportionately low. Such a scenario will not lure trans-national companies to set up operations in India as it had done in the past. They may alternatively look east towards countries like China, Taiwan and Philippines that are more advanced in this regard.

India's English speaking elite have been the backbone behind the recent prosperity. It is to this section of the population that many jobs from the United States and Britain are outsourced. But the standard of education had failed to adapt to the changing needs of the industry. The top educational institutions are lacking in foresight to design courses and curriculum to meet the future demands of the global market place. This situation does not auger well for the future.

While the professional classes benefited from the period of economic bonanza, the overall picture is not so pretty. The percentage of people living below the poverty line had not declined. While consumer's individual demands are being supplied by the market, their collective needs such as a clean environment and a robust health-care system are not striven towards. The income gap between the most affluent and the down-trodden sections of the society had widened during the last decade. These factors have led to an air of tension and ill-will among the populace.

In some of the above mentioned aspects China and countries in south-east Asia offer better standards. Obviously that will make them the first choice for off-shore projects. Unless the policy makers in New Delhi make necessary changes in the development model and adopt a comprehensive notion of

prosperity and well-being, the recent flourish may ultimately prove to be no more than a flash in the pan.

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