
**Inequality, Labour Markets, Economic Development and the Impact of Migration on Poverty, Patterns and Employment Dynamics in India
- A Macroeconomic Development Viewpoint**

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Abstract

The Indian economy has experienced a transformation from a mixed-plan economy to an emergent middle-income social market economy with strong state intervention in major industries. India has experienced very low average growth rates and significant annual swings since gaining its independence in 1947. The growth rate of India was marginally greater in the 1990s than in earlier decades, and it has since increased. Together with China, its expansion is the key engine powering the continuous expansion of the world economy. Its previous enormous boom contrasts sharply with its current modest growth of 8%. Growth rates and per capita income disparities are much higher in developing countries than in the global average. Low employment growth and the subcontracting of labour to unorganised industries are the causes of the significant decline in the share of workers in the organised sector. This type of employment growth has a small but comparatively significant impact on lowering rural poverty.

This research is descriptive and has theoretical foundations. The analysis of theories and points of view in this study is organized. The compilation of secondary data involves using a variety of reports, both published and unpublished. This research article's overall goal is to assess the theoretical aspects of inequality, labour markets, economic development, and the impact of migration on poverty, patterns, and employment dynamics in India from the perspective of macroeconomic development in order to foster human growth in the context of a globalised economy. The research article raises a significant, urgent, and contemporary subject that is relevant from a social, political, and economic point of view.

Keywords: Indian Economy, Market Economy, Inequality, Labour Markets, Economic Development, Migration, Poverty and Employment Dynamics.

1. The Theme of the article

India's economy has undergone a change from a mixed planned economy to a mixed middle-income emerging social market economy with significant state intervention in key industries. By nominal GDP, it is the fifth-largest economy in the world, and by purchasing power parity, it is the third-largest. India was ranked 125th by GDP and 142nd by nominal GDP by the International Monetary Fund (IMF) on the basis of per capita income. India's 8 percent plus growth between 2002 and 2007 has been lauded as a remarkable achievement. This

expansion, together with China's, is the primary driver of the continued growth of the global economy. According to official projections, India's GDP will surpass that of the US in around 2.5 decades. India has a distinct advantage over industrialized and developing countries in the labour market. The percentage of people in this age group is expected to rise significantly, especially for women. The country's projected future growth is further supported by this demographic transition process.

In terms of actual per capita income and consumption spending, the Indian economy has done well. Recent job patterns seem to have mostly allayed the worries about growing unemployment. It is necessary to understand the informal sector's structure in order to determine how these changes may affect productivity and wages. The informal sector is examined, along with its relationships to the household and official economic sectors. It looks at how the formalization of informal activities may impact worker welfare.

1.1: Statement of the problem

Over the past decades, more than 60% of India's total wealth has been held by the top 10% of earners. This suggests that wealth inequality has increased significantly over the last 40 years, in contrast to the poorest 50% owning only 6% of the wealth. The relationship between inequality and growth is depicted by a U-shaped curve; as economies progress, inequality initially rises and then declines. Inequality among Indian citizens is primarily caused by poverty and a lack of resources. Another reason why people are treated unfairly is discrimination on the basis of caste, sex, and religion. Income is simply one element that influences and measures inequality; other ones include gender, age, origin, ethnicity, handicap, sexual orientation, class, and religion.

India has gone through a phase of a very modest average growth and high annual fluctuations since Independence in 1947. The annual GDP growth rate was well under 3% in real terms throughout the fifties, sixties and seventies. As a result of this GDP growth performance, per capita income has become fourfold between 1950 and 2006. India's growth rate in the 1990s was slightly higher than that in the previous decade and that the rate has accelerated during the present decade. A few researchers have questioned this "high growth scenario" by pointing out that discrepancies in data generation could explain at least part of it. India's per capita consumption expenditure reached Rs. 18,000 in 2007-08, three times the figure of 1950-51. Gross domestic saving rate which was around 20% in the eighties, jumped to 25% during the nineties. That the economy grew at an average of 8.8% over the last five years makes a clear break from the previous spurts. Considering the foregoing, the primary aim of this article is to provide a theoretical evaluation of the process for Inequality, Labour Markets, Economic Development, and the Impact of Migration on Poverty, Patterns, and Employment Dynamics in India from the perspective of macroeconomic development. A substantial, pressing, and timely issue that is pertinent from a social, political, and economic point of view is brought up in the research article. The issue of the study article is obvious from the title alone and is treated very seriously.

2. The Study's Methodology

This research is descriptive and has theoretical foundations. The analysis of theories and points of view in this study is organised. This kind of research involves conceptualising and explaining how a subject and its surroundings work, as well as investigating or modelling the impacts of

those requirements. It exclusively uses secondary sources that contain data and information relevant to the article's problem. It is a descriptive and analytical design from a theoretical standpoint. The compilation of secondary data involves using a variety of reports, both published and unpublished Materials. In addition, a thorough review of the literature in the pertinent fields was carried out with the help of the libraries of the University of Madras, Madras Institute of Development Studies, Connemara Public Library, Higher Education Department of India and Tamil Nadu, Directorate of Census Operations, Vellore Central Library, and Thiruvalluvar University Library.

2.1: Creativeness and Research's Contribution

Research and creativity are crucial for fostering structural change in economies at various stages of growth, and they are also essential for boosting competitiveness through domestic and international policy. They lead to greater productivity, economic growth, and wealth creation as well as good, ecologically responsible jobs. In the classic political and economic meaning of unequal distribution of money and resources, the social justice and sustainability movements address the detrimental impacts of marginalization. It is more likely for a nation to benefit from technological improvements through innovation when invention is successful on many different levels and across all industries. It also depends on a favourable enabling environment, which includes, among other things, spending on Research and innovation and the expansion of both people and physical resources. This is essential for creating an environment that will encourage broad-based and long-term economic growth. Policymakers have resources at their disposal to aid in the development of their respective national innovation policies.

2.2: Research Article Objective

The overall purpose of this study article is to evaluate the theoretical aspects of the process for inequality, labour markets, economic development, and the impact of migration on poverty, patterns, and employment dynamics in India from the perspective of macroeconomic development in order to promote human growth in the globalised economy.

3. Inequality patterns

There is a concern that India has not been very successful in transforming "its growth into development" manifest, most conspicuously in growth of unemployment, of informal sector and low productive jobs. Regional (inter-state) inequality in per capita Gross State Domestic Product (GSDP) is noted to have gone up significantly during the past couple of decades. Income inequality in India has gone up for the first time since independence. It had gone up during sixties which was attributed to Green Revolution and its regional concentration in north-west India. The period since the early nineties has come under closer scrutiny as the country has entered a new policy regime of "economic efficiency and accountability". Backward states have much higher levels of inequality in per capita income and their population growth is much above the national average. The process of demographic transition seems to be still a couple of decades away for most of these states while developed states seem to be on the verge of this transition.

India's inequality graph shows significant divergence between rural and urban areas over the period from 1972-73 to 2004-05. This can be attributed to the growth in non-agricultural GDP (8.11% and 7.22% during 1993-99 and 1999-2004, respectively) which is significantly higher

than the corresponding rates for agricultural GDP. The annual poverty decline in the lastest year was 1.6 percentage points which is about twice that in the preceding decade. While the gap in consumption expenditure in rural and urban areas has gone up, that between poverty figures has narrowed down due to sharper decline in rural areas. The decline in urban poverty has lagged behind that of rural poverty. This could not be attributed to massive movement of workforce from rural to urban areas as the rural/urban migration rate has remained stable or gone down. Rural poverty is generally low in states with high per capita State Domestic Product but not urban poverty.

Inequality in poverty has gone up in rural and urban areas since late eighties. Poverty reduction has been relatively less in less developed states than in developed states. The elasticity of poverty reduction to income growth is likely to be less in the Eleventh Plan, compared to that of earlier plans. The Constitution prohibits discrimination based on caste and religion, but no data are available on wage differentiation. Measuring economic wellbeing using average consumption expenditure, one can, however, argue that the ST population are at the bottom of the ladder, followed by SC and OBC (Hindus). Muslims are at a higher level of consumption compared to SC/ST population at the national level as also in rural areas and large cities. However, in small towns, they are worse off. This could be attributed to their being outside agriculture small manufacturing and service activities - where earnings are higher.

The wealth gap in large cities used to be slightly bigger, but it hasn't altered in recent years. These can only be defined in terms of variations in the employment possibilities and compensation gained by various social classes within the supplied quail Fiscal Yearning groupings. As indicated by the minority populations' decreased representation of the urban population, there has also been a reduction in migration for that communities. The disparity between Muslims and the general population is wider in metropolitan areas and for women, according to the Sachar Committee, which was established to examine socioeconomic development disparities across religious groups with a focus on Muslims. Muslims and members of other backward castes (OBCs) also suffer much more disadvantages than Hindu OBCs. Muslim parents' children have a limited number of options for public education. The amount of bank loans given to Muslims is even less than that given to other minorities.

Although its effects vary widely depending on the social group, urbanization appears to improve economic well-being across all categories. The Hindu upper caste community and other religious communities benefit the most; their consumption in smaller metropolitan centres is 60% higher than that of their counterparts in rural areas. Unfortunately, unlike the populations of Scheduled Castes and Scheduled Tribes, Muslim communities do not likely to consume more when living in smaller towns than when living in rural areas. One can draw the conclusion that their relocation from rural to urban areas has a lesser positive effect on welfare than it does for upper caste Hindus and other religious groups.

The Scheduled Tribes experienced the smallest increases in real per capita consumption during the period 1993–1999, and tragically, there was a decline from 1999–2004. Hindus from Scheduled Castes experience growth comparable to that of other Hindus in both periods, with both groups' rates sharply declining in the second. Other religious groups have shown the greatest increase, with their drop in the second era being far smaller than that of other social groupings. Muslims experienced strong growth from 1993 to 1999, significantly more than

Scheduled Castes and other Hindus, but saw essentially no growth in their spending on goods and services over the subsequent years. Economic and social inequalities between men and women have been observed to be very significant despite there seems to be some decline in recent years due to growth in literacy and employment rate among women. At the macro level, data produced by official agencies do not show gender differences in income or consumption. In developing nations, a higher proportion of women than males live below the poverty line.

3.1: Labour markets in urban and rural areas, and the effect of migration on poverty

Both in rural and urban areas, the migration rate is often high in the category reporting the highest monthly per capita expenditure (MPCE). Seasonal or short-term immigrant workers who have been away for 60 days or more during the previous seven years a similar pattern. Immigrants make for around a third of the overall illiterate population in all size class of metropolitan centres. People with a secondary education or higher have a substantially greater prevalence of migration in medium-sized and small towns. Around 14% of people live below the poverty line in cities with a population of a million or more, down from 18% in 1993–1994 cities. The model supports the claim that there is a lower likelihood of poverty in big cities than in other metropolitan areas. It becomes evident that moving to metropolitan areas is a means of enhancing economic security and escaping poverty. Absorption of the rural poor has becoming harder as many metropolitan sectors have modernized and improved their technology.

The incidence of poverty as well as the likelihood of being poor declines with level of education, making education the most important factor affecting poverty. The relationship is strong for all adults as well as for those who are employed regularly and on their own, but not for those who are unemployed and temporary workers. Migration for the purpose of reducing poverty has lost some of its significance and is likely to continue to do so in the future. It is necessary to challenge the justification for a high development strategy in light of the growing regional inequality. This is especially true given the rising social and financial implications of migration, which conventional analysis neglects to take into account or emphasise.

3.2: Patterns and dynamics of employment in India in the macro - economic perspective of development

Employment in the context of economics refers to the condition of having a job or being employed. Someone must be paid if they are to be employed. The person who hires people is known as the employer, and the person who is compensated for rendering services is known as the employee. Higher salaries increase labour costs for companies and boost consumer demand among low-paid workers and their families, according to macroeconomic theory. Macroeconomics is concerned with establishing the country's equilibrium level of employment and income.

In many countries, self-employment is rising in popularity. Businesses now employ fewer full-timers, resulting in a drop in full-time employment. There are now more part-time employment available. Only 2% of the anticipated workforce in the chosen industries are casual employees, making up 87% of regular workers. According to the most recent official statistics, 6.4% of employees in the construction business were casual and 20% were employed on contracts. A dynamic workforce consists of a team that works outside the office as well as people that work in the main corporate office.

3.3: Effect of the demographic slowing economy on the labour force

Dwindling birthrates, India's demographic revolution has resulted in a rapid change in age structure. According to Figure 7, only around 63% of people between the ages of 15 and 64 are economically active, which is significantly less than in more industrialized nations. The low percentage of children and the elderly suggests that the country will have a light dependency load. India has a broad demographic window compared to the majority of other countries with comparable levels of development. The opportunity needs to be taken and leveraged by providing appropriate educational and training resources. Given that it is projected that fertility would continue to drop over the ensuing three decades, a more aggressive mobilization of women's labour is undoubtedly a possibility.

3.4: Conflict involving employment and unemployment

Since the 1970s, the workforce participation rates (WPRs) by usual (principal) status for people aged 15 to 59 in both rural and urban areas have consistently decreased. This tendency appears to have stopped between 1999–2000 and 2004–2005. In both rural and urban areas, WPR by typical status has decreased for men from 1993 to 2004. According to academics, the Indian economy is exhibiting some form of "jobless growth." During the years 1993 to 1999, all age groups experienced a sharp decline in WPR as well as the employment growth rate. In the years 1999–2004, no category reports a reduction in the 15–59 age group. In either urban or rural locations, the male employment rate has not decreased by daily status. Women see slightly sharper increases in WPR by weekly and daily status compared to typical status. With the exception of rural men, employment growth from 1993 to 2004 has outpaced population increase in every category. In metropolitan regions, it can be assumed that WPRs for men are stable or slightly increasing while those for women have increased dramatically. Policymakers should be worried about the drop in the employment rate of illiterate men in both rural and urban areas.

The unemployment situation in 2004–05 seems to be just as alarming as it was in 1999–2000. The proportion of the labour force that is actively looking for work has not changed. Both in rural and urban areas, the daily status unemployment rate has increased for both men and women. Although low, unemployment rates for people with no formal education and those with only an elementary school have been stable from 1993 to 2004. . In the case of women, when employment growth is very substantial, this may be unexpected. These are persons who have very few options on the job market and are forced into low-paying physical labour. In contrast to rural India, the employment trajectory in urban India is more alarming. This is explained by the fact that urban poverty has declined far more slowly than rural poverty. Urban poverty has two main causes: growth itself, which tends to accentuate inequality, and a lack of growth.

3.5: Improving demographic patterns and wages

The proportion of self-employed in rural and urban areas has risen while that of casual labour has gone down. Instead of starting traditional household businesses, many of these people are accepting contractual work from contemporary sectors. Urban women now make up 35.6% of the workforce, up from 25.8% in 1983, 33.3% in 1999-2000, and 25.8% in 1983. For urban and semi-urban women, the proportion of regular employees has increased. But compared to earlier decades, the rate of fall in the number of casual workers is much faster. The key question is whether their working conditions and income are enhanced by this shift in employment. In the

case of men, a rise in the number of self-employed individuals has coincided with a fall in the percentage of casual workers. The government's decision to offer self-employment opportunities rather than paid employment through its different anti-poverty programmes may have contributed to some of the increase. Agriculture's contribution to GDP has dramatically decreased over time, falling from 37.2% in 1983 to 20% in 2004-05. (Table 10). The tertiary industries, particularly financial services and transportation, storage, and communication, are experiencing very high growth rates.

Even if agricultural income has not grown as quickly as the rest of the economy and as a result, its percentage of GDP has decreased, the number of persons working in the industry has barely changed. The job growth rates in the manufacturing, community, social, and personal services sectors, as well as mining and quarrying, have kept up with the overall growth in the labour force. Low employment growth and job subcontracting to the unorganized sector can be used to explain the steep fall in the percentage of workers in the organised sector. Another factor contributing to this drop is the rise in the number of informal employees in the organised sector. If this pattern persists, it is likely to have a negative impact on domestic demand. Actual earnings for regular and temporary employees fell between 1999 and 2004. In rural areas, actual hourly wages for casual employees fell after 1999–2000 for both men and women. It is impossible to link this to a suffering agricultural business given the low percentage of agricultural employees in cities and towns. Real wages for regular workers fell between 1999 and 2004 in practically all educational groups. The only exceptions to this rule are the uneducated rural agricultural labourers. Few rural (male) workers who have graduated from college or have obtained higher levels of education have been able to hold onto their real wages.

3.6: Adapting workplace dynamics and standardizing informal behaviours

Informal sector in recent years has experienced some type of formalization leading to employing people on a regular basis. Character of informal sector is different from that of the 1980s or earlier decades but key features remain the same. Informal sector employment has grown rapidly during 1993-2004 pushing up overall employment growth. This is because entrepreneurs have come to see the benefits of moving from total informality to semiformality. The poverty reduction impact of this kind of employment generation is at best modest and relatively high in rural areas. Several of the uneducated rural migrants are unable to find employment in cities. Since work is governed by informal, non-contractual agreements, this lessens the likelihood of disguised employment. Even with a high level of employment production, the demands of the impoverished households are not being met, as seen by the bigger percentage of persons who are looking for or available for work every day.

The highest growth in the number of jobs is recorded in private household based domestic services. Increasing income in the hand of high and middle income households is responsible for employment generation in this category. The next in terms of growth rate is real estate, renting and related business sector that again do not require high levels of skill. The fourth in order is hotels and restaurants that require low level of skills, its growth being linked to the incremental income in the hands of urban upper and middle class. It is thus evident that the activities that have absorbed large segment of labour force in recent years have a high incidence of low productive employment.

A parallel process in Indian economy is the in formalisation of the formal sector. Informal or unorganized employment is defined as those working in the unorganized enterprises or households, excluding regular workers or those with social security benefits, and the workers in the formal sector without any employment/social security benefits provided by the employer. 16 It is important that the proportion of workers in the informal workers was over 90% in 1999-00 which has gone up further in 2004-05. What however is striking that while the percentage of formal workers in informal sector has remained at the level of less than half per cent, the share of informal worker in formal activities have gone up from 38% to 47%. This implies that while the value added by these informal workers get reflected in the profits of the formal sector the workers do not have a reasonable share in it. The next in terms of growth rate is real estate, renting and related business sector that again do not require high levels of skill.

The fourth in order is hotels and restaurants that require low level of skills, its growth being linked to the incremental income in the hands of urban upper and middle class. Informal or unorganized employment is defined as those working in the unorganized enterprises or households, excluding regular workers or those with social security benefits, and the workers in the formal sector without any employment/social security benefits provided by the employer. What however is striking that while the percentage of formal workers in informal sector has remained at the level of less than half per cent, the share of informal worker in formal activities have gone up from 38% to 47%. This implies that while the value added by these informal workers get reflected in the profits of the formal sector the workers do not have a reasonable share in it.

4. Potential impact of economic decline on employment

Even though the annual increase rate may not seem very frightening, it actually conceals more than it exposes. The first two quarters of growth were the most productive since the effects of the global financial crisis were not as severe as they were in other nations during those times. Various government agencies, including the Ministry of Business, Industries, and Agriculture, have predicted that the decline will slow in the upcoming quarter. The share of service sectors and select manufacturing activities in the GDP has expanded quite significantly throughout the previous decade and a half. These would understandably be impacted by the credit crunch and the downturn in demand in both domestic and international markets, leading to a reduction in formal employment.

The primary reason driving developing countries into crisis, according to the World Bank (2009), is their inability to increase their fiscal deficit in order to engage in considerable countercyclical investment. In the case of India, the direct effects of the drop in these flows could not be very significant given that they only make up a small portion of total government spending or investment in the nation. Fears exist that the economic crisis will make poverty worsen in 2009. There aren't many obvious connections between the modern economy, the huge informal sector, and traditional industries. The Directive Principles, which establish the basic outlines of state policy, include the right to work even if it is not a fundamental right. 34 million employees, or nearly 7.5%, of the 460 million workers in the workforce in 2004–2005, according to estimates, are covered by these programs.

The majority of central and state laws only apply to specific groups of wage workers because of limitations on their domain's extent and coverage. Due to the shortcomings of the

implementation machinery, they are improperly implemented. There were hardly any inspections, abnormalities found, or charges started. The workers' lack of knowledge of the laws' existence and their rights was a crucial factor in their failure to be implemented. A hurdle has been encountered in the effort to expand the current social security system to include everyone.

A significant portion of manufacturing workers who are not listed in the employment register are the result of the production process becoming fragmented through job subcontracting. Many of these units would have to shut down if these norms and requirements were imposed on them. Many of these units have gone out of business during eighties and nineties, even without having to pay these social security responsibilities. Overdrafts are now permitted under the Provident Fund Scheme in the event of retirement, cessation of employment, job change, serious sickness, home construction, further education, marriage, and other ceremonies. In recent years average withdrawals from the employees' provident funds scheme has exceeded or has been near average settlement. Making matters more challenging are the rising numbers of independent contractors and smaller businesses with rapid turnover and comparatively high unit mortality.

4.1: Consequences and a prescription for labour force interventions

Immigration seeking jobs from rural to urban areas is on the rise as a strategy to combat poverty. Compared to those who move to smaller areas, those who migrate to large cities have a better chance of escaping poverty. It has also pushed for the creation of a National Fund, which might serve as a catalyst for the betterment of the living conditions of unorganized employees. Even while employment and profit growth has slowed, there is probably not much of an impact on macroeconomic numbers. However, a few small and medium-sized businesses that are popular in the formal sectors are struggling. The occupational benefit programmes currently provided to organised sector employees by law require urgent revision.

4.2: Higher finance costs and a weakened market are impeding economic growth

Strong economic growth increases business profitability, allowing for greater investment in R&D. Technological innovations such as better healthcare and environmentally friendly technology may result from this. Consistent economic development boosts confidence and motivates businesses to innovate and take risks. People are impacted by economic downturns in a variety of ways, including joblessness, decreased economic activity, and decreases in wealth and income. Several businesses suffer from a slow economy since fewer people are likely to buy their products. The labour market may also suffer as a result of businesses being less inclined to increase staffing levels. Wars and pandemics can produce economic uncertainty by making consumer trends unpredictable in the short, medium, and long term.

India had the strongest growth among the G20 nations in 2021, with an increase of 8.2%. Increasing domestic demand transformed the current account surplus into a deficit as supply chain disruptions subsided, and growth slowed as a result. According to the analysis, India's GDP will increase at a slower rate in 2023, 4.7%. According to UNCTAD, the region's growth rate will be 4.9% in 2022 but just 4.1% in 2023. According to the report, incomes in many major economies are still below 2019 levels, and the global economy is experiencing cascading and increasing difficulties. Meanwhile, China's economic growth is projected to be 3.9 per cent in 2022, a decline from 8.1 per cent in 2021, and a 5.3 per cent growth next year. More than 50% of India's imports, 38% of Egypt's imports, and 38% of China's imports are (primary) commodities like food and gasoline. Higher commodity prices significantly affect domestic prices through

imports. Greater public budget deficits were a result of higher social protection spending after the pandemic in various developing countries.

4.3: Indian economy statistics and growth rate

The provisional estimates of GDP released on May 31, 2022 show that the Indian economy has fully recovered to the pre-pandemic real GDP level of 2019–20. 8.7% real GDP growth is projected for Fiscal Year 2021–22, which is 1.5% more than real GDP growth for Fiscal Year 2019–20. These numbers reflect a faster growth momentum, which suggests higher economic demand. The investment rate in the fourth quarter grew to its greatest level in the preceding nine quarters. Moreover, capacity utilization in the manufacturing sector rose in the fourth quarter, as opposed to the third quarter, signaling a build-up in demand, which is compatible with the growth objectives of the Indian economy. Future government capital expenditures in the Indian economy are anticipated to be supported by elements including tax buoyancy, a simplified tax system, a careful analysis and rationalization of the tariff structure, and digitized tax filing. Growth multipliers are expected to rise over the medium future as capital expenditures on infrastructure and asset-building projects rise. In addition, a return of the monsoon and Kharif sowing contributed to the acceleration of the agricultural sector. The South-West monsoon had completely encircled the nation as of July 11, 2022, bringing 7% more rain than usual.

India has established itself as the largest economy with the highest rate of growth in the world because to its strong democracy and reliable partnerships. India is expected to be one of the top three global economic powers within the next 10 to 15 years. At the current currency rate, the nominal GDP of India was estimated to be Rs. 232.15 trillion (\$3.12 trillion) in Fiscal Year, 2022. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn population in the world. With a target of obtaining 40% of its energy from non-fossil sources by 2030, the government is also putting an emphasis on the use of renewable energy sources. In 2021–22, India's current account deficit (CAD), which was mostly caused by a rise in the trade deficit, was 1.2% of GDP. Given the economic recession experienced by several of India's trading partners, the importance of merchandise exports may wane. Indian exports are anticipated to exceed US\$ 1 trillion by 2030, according to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles.

5. New developments

India's economy is predominantly driven by domestic demand, with consumption and investments accounting for 70% of all economic activity in the nation. As the economy has recovered from the COVID-19 pandemic shock, a number of investments and advancements have been made in a variety of economic areas. India must continue to prioritise reducing inequality while also implementing growth-oriented policies to stimulate the economy, according to the World Bank. In light of this, the nation recently experienced a number of developments, some of which are listed below. In Fiscal Year, 2022, India's gross Goods and Services Tax (GST) income was \$18.1 billion (Rs. 1.44 trillion). India's exports of goods reached a record high of US\$37.9 billion in June 2022, setting a new peak for the country. The mining, manufacturing, and electrical sectors were the main drivers of the Index of Industrial Production which was at 137.7.

5.1: Government Initiatives

Over through the years, the Indian government has introduced a number of initiatives to strengthen the nation's economy. The government has done a fantastic job of establishing policies and programmes that assist locals in improving both their own financial security and the expansion of the economy as a whole. India's recent rapid economic growth has led to a huge increase in the demand for exports. The government's most well-known programmes, such as Make in India, Start-up India, Digital India, the Smart City Mission, and the Atal Mission for Rejuvenation and Urban Transformation, are also geared toward unlocking India's tremendous potential. Below is a list of some of the actions the administration has taken to improve the country's economy in this respect. In April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners, including important ones like the Comprehensive Partnership Agreement (CEPA) between India and the United Arab Emirates and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).

The Union Budget for 2022–2023 was unveiled to the public by Ms. Nirmala Sitharaman, Minister of Finance & Corporate Affairs, on February 1, 2022. As part of the PM GatiShakti Master Plan, the National Highway Network would construct 25,000 km of new roads at a cost of Rs. 20,000 crore (\$2.67 billion). The Department of Space has funded for numerous significant space missions, including Gaganyaan, Chandrayaan-3, and Aditya L-1 (sun). The production linked incentive (PLI) programme for producing advanced chemistry cell (ACC) batteries was approved by the government in May 2021 at an estimated cost of Rs. 18,100 crore (US\$ 2.44 billion). The 16-year-old Special Economic Zone (SEZ) Act will be revised, according to the budget for 2022–2023. Additionally, the government has launched the Digital India plan, which focuses on building out a digital infrastructure and offering services online.

5.2: Road Ahead

Financial sector of India is holding up better than expected. The rate of economic activity has entirely recovered from the COVID-19 pandemic shock, according to electricity consumption, manufacturing PMI, exports, power supply, and other high-frequency indicators. According to purchasing power parity, India is predicted to overtake the US and become the second-largest economy by 2040. (PPP). In the months of July and August, the Purchasing Managers' Indices for manufacturing and services were 56.4 and 56.2, respectively. The psychological threshold of 50, which denotes an increase in economic activity over the previous month, is comfortably exceeded by these data. The index of eight core sector industries reveals that annual growth has moderated from readings of 9.5%, 19.2%, and just 4.5% in April, May, and June.

5.3: The K-shaped recuperation is strengthening

The primary reason for worry should be this more than anything else. Deep inequality means that the wealthy in India contribute disproportionately to economic growth. Has all this disparity gotten worse since the end of the disease outbreak. There is strong preliminary evidence that it has. Around 30% of Indian employees are employed in the economy's subsectors of construction and trade, hotels, transportation, storage, and communication, according to data from the Periodic Labour Force Survey. In terms of Gross Value Added, India's manufacturing and non-farm sectors have recovered the least from pre-pandemic levels in 2020–21 and 2021–22, and alarmingly, the trend has continued into the first quarter of 2022. Wages will continue to elude a

substantial portion of the population until the economy finds a way to rekindle growth in these sectors. For medium- to long-term growth, this will inevitably create headwinds, which may become stronger sooner rather than later.

6. Conclusion

Since its independence in 1947, India has experienced very moderate average growth rates and large annual fluctuations. India's growth rate in the 1990s was slightly higher than in previous decades and has accelerated in its current decade. This expansion, along with China, is the main driving force behind the continued growth of the global economy. According to official projections, India's GDP will exceed that of the United States in about 2.5 decades. The informal sector is considered in relation to the private and public economic sectors. The economy has expanded by 8 percent on average. Its recent slow growth of 8% stands out from its prior tremendous expansion. Countries that fall behind have population growth rates that are significantly greater than the global average and far higher per capita income inequality. The rate of movement from rural to urban areas is consistent or decreasing; therefore, this is not the result of a significant outflow of workers. It is expected that, compared to earlier plans, the elasticity of poverty reduction to income growth will be smaller.

The majority of the benefits go to upper-caste Hindus and other religious groups, whose consumption in smaller metropolises is 60% higher than that of their counterparts in rural areas. In developing nations, more women than men are subsistence farmers. Due to the demographic revolution and dropping birth rate, India's age structure is changing quickly. A small percentage of children and the elderly suggests that the country has few dependents. The percentage of independent contractors has declined, and the percentage of non-regular employees has increased in both rural and urban areas. The explanation for the substantial drop in the percentage of workers in the organised sector is low employment growth and the subcontracting of labour to unorganised industries. This kind of employment development has a minimal but comparatively strong, influence on reducing poverty in rural areas. The research predicts that India's GDP will grow at a slower rate of 4.7% in 2023. In addition, the agricultural sector accelerated due to the resumption of the monsoon and Kharif sowing. This led to a number of recent advancements in the country, some of which are described here. The government has done an excellent job of putting laws and programmes in place that help residents increase both their own financial stability and the growth of the economy as a whole.

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