

Indian Economy - Push and Pull Approach of Growth

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India is the homeland of one sixth of the global population having geographical land area of about two percent of global land and generating about 3.3% of global domestic production, which in itself presents complex phenomenon of asymmetric distribution of natural resources and its impact on domestic production. The situation becomes much graver when India is ranked 74 in the list of 113 major countries in terms of food security index, whereas India is having massive food wastage of around \$ 14 Billion (approximately rupees one lac crores) on annual basis as estimated by the Food and Agriculture Organization of United Nations, reflecting on the poor management of food basket within the country despite having poor food security index. According to the United Nations Millennium Development Goals (MDG) programme, 88 million people out of 1.3 billion Indians, roughly equal to 6.7% of India's population, lived below the poverty line of \$1.25 in 2018-19 and those above the poverty line live a fragile economic life. According to World Bank Reports 10% of the global population is poor having less than \$1.90 income per day. The Oxfam Report of 2020, "Time to Care" further reflects on the skewed economic resources within a negligible section of populations where India's richest one percent owns 42.5% of the national wealth whereas only 2.8 percent of national wealth is shared by 50% of the population on the bottom of the pyramid. This is despite the fact that India is one of the fastest growing economies and poverty is on the decline in the country with close to 44 Indians escaping extreme poverty every minute as per the World Poverty Clock. World Bank has further estimated that 40 to 60 million people will fall into extreme poverty extreme poverty in 2020 compared to 2019 due to Covid-19 triggered economic shocks. The impact of Covid-19 is clearly visible on Indian economy, which contracted by 23.9 percent on year on year basis during first quarter of the financial year 2020-21. Incidentally this quarter has faced the full blown impact of Covid-19 in the form of lockdowns, lack of testing and medical facilities, large scale workforce migration and emergency response from the governments to tackle the unfolding socio-economic scenario for managing the subsistence needs of the vulnerable sections of the society. The second quarter of 2020-21 has post sharp improvement with 7.5 percent contraction against 23.9 percent in the previous quarter.

Indian economy faces dilemma of increasing the growth rate of the economy on the one hand and equitable though not equal distribution of national wealth on the other to attack on extreme poverty and hunger by bringing this vulnerable

section of the population in the economic mainstream of the economy so that they can equally contribute towards their individual, societal and national growth by productively engaging with the mainstream of the economy. The Covid-19 led pandemic has worsened the situation with production and logistic disruptions creating the livelihood issue for the daily wage earners. This is the time when governments are focusing on revival of their economies and the existing economic order and the norms are fast changing. This is high time for India also to focus on the approach of egalitarian growth with twin objectives of increasing the growth rate of the economy for generating higher national wealth through increased economic activities by optimally utilizing the natural and human resources and focusing on the economic development of the underdeveloped regions through utilization of locally available resources for creating mass employment opportunities. The theory of trickle down, which was originally conceived in the early phases of economic growth of independent India has not created the desired impact. The share of national wealth which was enjoyed by top 1% Indian population, has significantly increased since independence. This led to individual based economic developmental programme in the form of Integrated Rural Development Programme (IRDP) in 1980, which was hailed as the biggest poverty alleviation programme across the globe followed by many more such programmes by the union and state governments for attacking the poverty directly. Despite the economic developments of the country since independence, country is still facing the serious issues of unemployment, poverty, quality food and infrastructural bottlenecks, hunger

The issues of unemployment, poverty, quality food and infrastructural bottlenecks are the major issues plaguing the growth of the Indian economy and are critical for economic and social development of the country in a balanced manner for long term sustainable growth. Covid 19 led pandemic has further aggravated the economic hardships for the population on the lower segment of the pyramid and especially for the daily wage earners and migratory workforce due to long drawn lockdowns, social distancing norms, disruptions in production & logistic management coupled with subdued demand. Therefore our country requires focused approach of push and pull for faster and all-inclusive economic development based on the interplay of the levers of linkages and multipliers. The push approach must focus on inclusive growth by specific interventions directed towards tackling the poverty issues at the micro

level by creating forward linkages through subsidies and employment generation schemes on mass scale whereas pull approach has to focus on large scale infrastructural and industrial development for creating multiplier impact through backward and forward linkages, which will contribute significantly towards capital formation thereby optimizing the present and future growth potential of the economy. The combined impact of push and pull growth initiatives will develop the service industries in the economy for supporting the agricultural, industrial and infrastructural sectors on one hand and provide support to the burgeoning middle income segment of urban populace through intermediary and support services.

The Government of India has adopted the focused strategy for balances economic growth by creating employment opportunities for directly attacking poverty and employment by creating developmental framework for various segments of the population. Some of the major initiatives in this direction are:

I- The Transformation of 117 Aspirational Districts aims to expeditiously improve the socio-economic status across 28 states through convergence of Union & State Schemes, igniting collaboration among citizens and functionaries of union, state and district teams, and fueling competition among districts. Driven primarily by the States, this initiative focuses on the strengths of each district, and prioritizes the attainable outcomes for immediate improvement.

II- Garib Kalyan Rojgar Abhiyan will focus on 116 districts, which are homes to most of the migrant workers. The abhiyan will cover 25 welfare schemes aimed at creation of assets, building houses and facilities for farmers. Skills of workers have also been mapped in these districts and the returning migrant workers will be assisted in setting up their own enterprises as they have acquire experience and skill.

III- In a significant move, Prime Minister has also announced that union government will focus on 110 most backward districts as its growth agenda which will have multiplier effect on the economy by creating business and employment opportunities locally.

IV- The Government is continuously focusing on formation of Self-Help Groups and Farmers Producers Organizations (FPOs) for economic and social development of poor landless labourers, unemployed women and farmers in a holistic manner through agricultural and allied activities with focus on micro, small and medium enterprises.

V- Development of rural infrastructure, in terms of rural roads, power supply, rural god owns, irrigation facilities, soil testing facilities, electronic national agriculture market and changes in agriculture produce marketing committees, is getting focused attention of the government as facilitative and enabling mechanism for doubling the income of the farmers.

VI- Government has initiated facilitative measures for promoting micro and small enterprises across India by providing skill enhancement programmes along with collateral free bank credit.

VII- Government has further identified thrust areas for import substitution and thereby promoting domestic manufacturing in decentralized and focused manner.

VIII- Growth of agriculture and allied activities with focused attention on farmers, milk producers and fishermen. The

food basket composition of the globe is shifting in favour of fresh food from frozen and ready food, where India can play a major role as producer and global supplier of the fresh food. The scientific and nutritious value of Indian herb and spices as part of dietary pattern have been realized across the globe during this corona induced pandemic.

IX- Compensatory Afforestation Management and Planning Authority (CAMPA) has been allocated additional funds to facilitate immediate job creation on sustainable basis for tribal/ adivasi population through afforestation and plantation work, forest management, forest protection and wildlife protection and management.

X- Watershed Development component under Prime Minister Krishi Sinchayee Yojana has been initiated as integrated attempt to restore the environmental balance by harnessing and developing degraded natural resources of soil, vegetation and water. This aims at improving cropping and agro based activities in thrust areas for providing sustainable livelihood to the residents of the watershed area.

XI- PM Street Vendor Atma Nirbhar Nidhi has been the mega employment generating activity for vendors, known by different names such as hawkers, thelewala, rehriwala, theliphadwala, in urban informal economy and play significant role in ensuring availability of various services through door step delivery at affordable rates and their business was adversely impacted by corona pandemic and subsequent lockdowns. The goods supplied by them include vegetables, fruits, ready-to-eat street food, tea, pakodas, breads, eggs, textile, apparel, footwear, artisan products, books/ stationary etc. The services include barber shops, cobblers, pan shops, laundry services etc.

These initiatives are focusing on individual families for betterment of their economic well-being, so that they can become the active contributors to national wealth on the one hand and demand creator on the other thereby creating multiplier effect through forward linkages. These initiatives will provide large scale push to the economic revival of the country.

On the other end of the spectrum, Government is focusing on infrastructural development and large & medium industries for growth acceleration of the economy. Some of such initiatives are:

I- Emphasis of the government on improving the ease of doing business is basically focusing on providing the enabling and facilitating environment for establishing new business with special focus on innovative and optimal utilization of locally available natural resources.

II- Sweeping changes have been made in the direct and indirect tax systems of the country for improving transparency and imparting stability to the tax system. Legislative initiatives have improved the ease of doing business in India thereby providing the enabling and supportive business friendly climate.

III- Large scale infrastructural development for improving all round connectivity through airways, highways, railways and waterways for enhancing the operational and economic efficiency of the logistic management system through multi and intra modal transports of goods and passengers.

IV- Development of startup hubs in the country by providing institutional support across diverse sectors of the

economy for breakthrough innovations. These startups have tremendous potential and will serve as growth catalysts.

V- Focused attention for developing defense and space related technology and production through Make in India with focus on import substitution and export promotion. Defense corridors are in the process of establishment.

VI- India is positioning itself as manufacturing hub through Make in India initiatives for import substitution and export promotion. Good number of global giants have started investing in India for establishing and / or enhancing their production capacities.

VII- Liberalizing direct foreign investment in various sectors has created positive impact on investment culture. During April –August 2020, our country has received highest ever FDI creating positive environment in international arena.

VIII- The country's solar installed capacity is 35,739 MW as of 31 August 2020 against installed capacity of 3743.97 MW as on 31 March 2015. This has improved the quality and reliable power supply for industrial growth at reasonable price.

IX- India has become manufacturing hub of mobile phones and has become second largest producer of mobiles. There has been increase of approximately 500% in mobile manufacturing in last five years.

X- Empowering local products for import substitution is one of the ways for self-reliance, which the Government has

launched in the form of vocal for local. The Government can boost the demand for local substitutes through cost and tax incentives by developing an ecosystem for improving the quality and marketing of these products. The One District One Product (ODOP) initiative of the Government of Uttar Pradesh can be a role model for developing decentralized production facilities.

These measures will support establishment and proliferation of large and medium scale industries in the country, which will unleash the growth momentum of ancillary and small industries across the country through backward and forward linkages. The development of infrastructure and industrial production will create a pull impact for diversifying the service sector apart from developing ancillary and small industries thereby opening the plethora of employment opportunities in the economy.

In nutshell, India has strategically positioned itself in global market. This is high time for execution of the projects at ground level for optimizing the utilization of the available resources in the country by adopting the push and pull approach for maximizing growth with equitable distribution of income and wealth on the one hand and maximizing the multiplier impact through backward and forward linkages. Indian Union Budget of 2021-22 must provide a definite blue print for capitalizing on the emerging economic opportunities.

