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A Study on Development For Sustainability Challenge in India

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ABSTRACT

The paper highlights the steps taken towards Inclusive Inter-Service sectorial development for sustainable growth. Global economic conditions are changing. Western countries are found in recession and recovery, whereas developing countries are moving steeply, in their growth rates. Joseph Stiglitz, Nobel Prize Winner conceded the importance of distributive justice to avoid rising inequalities even as GDP increases.

I.0 GLOBAL GDP GROWTH:

Between 2008 and 2011, the US and the Eurozone Economies have virtually stagnated. While the US economy is picking up, the recovery is weaker than what was expected and is certainly disproportionate to the size of the fiscal and monetary stimulus that was used. The problems inherent in the European Monetary Union and fiscally overweight governments were priced open by the crisis. Though economic conditions seem to have stabilized for the present, it is clear that it will take several years for Eurozone economy to return to health. The trends in global growth are shown in the following table.

TABLE -1

TRENDS IN GLOBAL GDP GROWTH

S.No	GDP Growth Constant Prices	1980s	1990s	2000 – 2007	2008 -2011
1	World	3.2	3.0	4.2	2.8
2	Advanced Economies	3.1	2.7	2.6	0.3
3	Emerging and Developing Economies	3.5	3.6	6.5	5.6
4	Developing Asia	6.7	7.2	8.4	8.1
5	India	5.4	5.6	7.1	7.7
6	Brazil	3.0	1.7	3.5	3.8
7	China	9.8	10.0	10.5	9.6
8	Russia	--	--	7.2	1.5

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Source: WEO database IMF, Oct.2012.

Table 1 above has revealed that developing economies have done significant development than advanced economies. However, they are obviously not immune to what happens in the United States and Eurozone. China and India entered as competitive markets in growth. It is a terrible sorry state of affairs that even 67 years after independence; India is termed the World's hunger capital. It is a saddening state of affairs that while food worth Rs.44,000 crore is wasted, there are others who do not got enough to appease their hunger.[1]

II. GLOBAL WEALTH AMONG 85 PEOPLE:

A tiny elite comprising the richest 85 individuals hold wealth equivalent to that owned by the bottom half of the world's population, a report says. "Wealthy elites have co-opted political power to rig the rules of the economic game, undermining democracy and creating a world where the 85 richest people own the wealth of half the world's population, Oxfarm claimed.

According to the report, in the last 25 years wealth has become even more concentrated in the hands of fewer people, so much so that one per cent of the world's families own almost half (46 per cent) of the worlds wealth.

The report further added that in India, the number of billionaires increased tenfold in the past decade, aided by a highly regressive tax structure and the wealthy exploiting their government connections, while spending on the poorest remains remarkably low.[2]

III. MORE INCLUSIVE GROWTH:

The 1.25 billion citizens have higher expectations about their future, than they have ever had before. The situation today is much more difficult. The globalization economy is going through what looks like a prolonged slow down. The domestic economy has also run up against several internal constraints. Major investment projects in energy and transport have slowed down because of a variety of implementation problems. Taking account of all these factors, the Twelfth Plan should work towards bringing GDP growth back to an inclusive 9 per cent in the last two years of the plan, which will yield an average growth rate of about 8 per cent over the entire plan period[3].

IV. INEQUALITY IN INTER SECTORS:

Regional imbalances in the growth process of a planned economy have become persistent in a federal country like India. Structural reforms were introduced in India in 1991, though the fruits of liberalization have been observed more or less after 1993. Since then a lot of changes have occurred in the structures of income, employment, savings, assets and debts etc. in both rural and urban areas of India. All such changes have obviously created divergent effect on people's well being. But India being a federal Country, economic progress of the States has not been uniform. Some States are more advanced and some others are backward. There are disparities among the States. After liberalizations the States having rich resources with better infrastructure have attracted more investment through market mechanism and that has led to regional disparities in both rural and urban areas of the States.

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Even within a State some districts are wealthier and some others are almost primitive. This regional imbalance may not only be interstate but also intrastate. A State's development depends on sectors. A sector consists of some activities. So the relative growth of the States is affected by the share of fast growing sectors. On the other side, the poor states have continued to bring up relatively slow growing sectors. This leads to divergence in the level of inequality and inter - sector or intra-sector disparity within a State (District) may also occur[4].

TABLE – 2
SECTORAL DISTRIBUTION OF NSDP IN INDIA (IN PER CENT)

S.NO	1980-01		2004-05	
STATE PERIOD	**FARM SECTOR**	**NON-FARM SECTOR**	**FARM SECTOR**	**NON-FARM SECTOR**
Andhra Pradesh	45.5	54.5	25.6	74.4
Assam	48.4	51.6	32.8	67.2
Bihar	51.0	49.0	42.3	57.7
Gujarat	39.9	60.1	17.8	82.2
Haryana	54.2	45.8	27.3	72.7
Himachal Pradesh	49.9	50.1	22.8	77.2
Jammu & Kashmir	47.0	53.0	36.6	63.4
Karnataka	45.4	54.6	19.5	80.4
Kerala	39.1	60.9	16.3	83.7
Madhya Pradesh	52.1	47.9	31.1	68.9
Maharastra	27.1	72.3	12.1	87.9
Orissa	53.1	46.4	28.4	71.6
Punjab	49.4	50.6	38.7	61.3
Rajasthan	50.3	49.7	26.8	73.2
Tamilnadu	25.4	74.6	14.1	85.9
Uttar Pradesh	52.0	48.0	34.9	65.1
West Bengal	31.6	68.4	23.4	76.6
All India	**41.8**	**47.2**	**24.2**	**75.8**

Notes: FS: Farm Sector Includes Agriculture, Fishing, Forestry & Logging
NFS: Non-Farm Sector Includes all other activities (IS +SS)
Source: Central Statistical Organization, GOI, 2007, 2007-08.

Table 2 indicates that Maharashtra, Tamil nadu, Kerala, Karnataka States are emerging fast in non-farm sectoral growth and least in it are Bihar, Punjab, Jammu & Kashmir in 2004-05. Like

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western Countries in India also the contribution of Agriculture in GDP will be diminishing fast but livelihoods are more in number.

V. SECTORAL DEVELOPMENT:

In fact, in India, all sectors are not developed in balanced manner. Some are moving fast and some are lagging behind. After economic reforms more than 1.0 lakh suicides have taken place in agriculture. Small holdings are the biggest issue in agriculture.

V.1 AGRICULTURE AND FOOD MANAGEMENT:

Although agriculture including allied activities, accounted for only 14.1 per cent of the GDP in 2011-12, its role in the country's economy is much bigger with its share in total employment as high as 58.2 per cent according to the 2011 Census. During 2011-12, total food grains production reached a record of 259.3 million tonnes. A notable feature of the Indian agricultural sector is the domination of small farmers with small holdings. This poses a challenge for the adoption of farm mechanization and generating productive incomes from farm operations. Another critical issue is supply chain management in agricultural marketing in India. It is necessary to evolve mechanisms for linking wholesale processing logistics and retailing with farm – production activities so as to generate enhanced efficiency, better farm prices, etc. Recently the Government allowed FDI in retail, which can pave the way to investment in new technology and marketing of agriculture produce in India.

V.2 INDUSTRY AND INFRASTRUCTURE:

The capital goods sector remained weak for the second consecutive year. Negative growth was not only experienced across the sub-sector of the capital goods segment but was also more persistent with only two months in the last twelve months recording positive growth. The production of key capital goods such as machinery and equipment, electrical machinery and transport segments contracted owing to deceleration in investment, decline in new projects and import competition. The interest rates and slower growth in household or retail credit resulted in slower growth in consumer durables.

The eight core infrastructure industries registered a growth of 3.3 per cent during April-December 2012 compared to 4.8 per cent during the same period of the previous year. The decline in growth in the current year so far is mainly on account of negative growth witnessed in the production of coal, natural gas and fertilizers. Among infrastructure services freight traffic by railways has been comparatively higher during the first eight months of the current year. In the road sector the National Highways Authority of India (NHAI) achieved 17.3 per cent growth in widening and strengthening of highways during April-November.2012.

V.3 SERVICE SECTOR:

The service sector is the dominant sector in most developed of the world and in some developing economies, such as India. The Compound Annual Growth Rate (CAGR) of the services sector GDP was 10 per cent for the period 2004-05 to 2011-12. It has clearly outgrown both the

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industry and agriculture sectors. The slowdown in the rate of growth of services in 2011-12 and particularly in 2012-13 from the double-digit growth of the previous six years, contributed significantly to slowdown in the overall growth of the economy. While some slowdown could be attributed to the lower growth in agriculture and industrial activities, given the backward and forward linkages with services, lower demand from the rest of the world could also have played a part[5] .

In the year 2012-13, sub-sector wise banking and insurance 11.8 per cent and real estate, ownership of dwelling and business services 10.0 per cent were the best performers in terms of growth rate in 2012-13 and the performance of railways 0.3 per cent followed by hotels and restaurants 0.5 per cent was the lowest.[6]

Some services sector performance indicators are given in table 3.

TABLE – 3

PERFORMANCE OF INDIA'S SERVICE SECTORS: SOME INDICATOR

S.NO	SECTOR	UNITS	2013-14
1.	Aviation	Million	103.3
2.	Telecom	Lakh	9330.2
3.	Tourism	Million	6.97
4.	Foreign exchange earned	US$ Million	18133
5.	Shipping	Million G7	10.49
6.	Ports traffic	Million Tonnes	980.5
7.	Railways Freight Traffic	Million Tonnes	1050.2
8.	Storage Capacity No.of ware households	Lakh Million Tonnes	105.6

Source: Govt.of India, (2014) Economic Survey 2013-14, p.180

V.4 FINANCIAL INTERMEDIATION:

The country now has a vibrant and transparent financial market in terms of market efficiency, transparency and price discovery process. As far as the banking sector is concerned the focus continues to be on reform initiatives which will facilitate the flow of credit to critical sectors of the economy including agriculture, infrastructure, micro, small and medium enterprises, housing and export. Financial inclusion and improved accessibility of banking infrastructure remain high on the list of priorities of the government. "Prime Minister Jan Dhan Yojana" Programme by Prime Minister Narendra Modi with insurance cover to account holder and inclusion of poor households, which are around 7.64 crore as on Nov.18, 2014. It is a right direction.

V.5 HUMAN DEVELOPMENT:

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Expenditure on social services increased considerably in the Twelfth Plan, with the education sector accounting for the largest share, followed by health. As proportion of GDP, expenditure on Social Services increased from 5.9 per cent in 2007-08 to 6.8 per cent in 2010-11 and further to 7.1 per cent in 2012-13 (BE). Nevertheless, India's expenditure on health as a per cent of GDP is lower than in many other emerging and developed Countries and the share of the public sector still lower. Based on the methodology suggested by the Tendulkar Committee, the percentage of people living below the poverty line in the country declined from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10. In the Eleventh Plan period nearly Rs 7 lakh crore has been spent on the 15 major flagship programmes[7]. Inefficient subsidy programmes for food, energy and fertilizers have increased steadily while public spending on health care and education has remained low, said the Paris based OECD Economic Survey of India[8].

V.6 SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE:

Though multi-lateral efforts on sustainable development and climate change led to several positive outcomes, there are still areas of concern where further work is needed to safeguard the interest of developing Countries. It has to be ensured that domestic goals continue to be nationally determined even as we contribute the global efforts according to the principle of common but differentiated responsibilities (CBDR). More importantly, equity, fair burden sharing and equitable access to global atmospheric resources have to be protected and addresses more adequately. The challenges for India is to make the key drivers and enablers of growth be it infrastructure, the transportation sector, housing or sustainable agriculture grow sustainably. India could do much more if new and additional finance and technology were made available through the multi-lateral processes. There is a case for greater cooperation, action and innovation, provision of finance and technology for developing countries and institutions and mechanism for capacity building[9]. Congress Government has increased many reforms like urbanization, renewal missions etc.

Many activists speak of the "rape of the earth" (mining, deforestation, increasing farm yields through harmful chemicals, contentious GM crops, and ecological damage) in the name of development. Fit that in with Gandhian ideas of non-violence, and it makes sense to see resource exploitation also as violence. We are contemplating "Water Privatisation", while Gandhi advocated "Trusteeship" of all property, let alone Natural resource. Today's "reduce, reuse, recycle" *mantra* is also straight out of Gandhi who preached austerity and condemned waste. "Medieval mystic"? Hardly. He was a practical realist who could see ahead[10]. Unequal sectoral developments have not achieved inclusiveness and full employment.

CONCLUSION

In the global development race, developing countries like India and China have tried to pick up growth rates. Maharashtra, Tamil nadu and Kerala have improved their incomes in non-farm sector around 80 per cent. After economic reforms, the income and employment levels were increased. For low production and incomes in agriculture, the cause is small holdings, which are un-economical. The service sector has emerged as dominant sector in India and abroad. Banking and Insurance for the year 2013-14 is a found high growth sub-sector. Still India has not achieved inclusiveness and sustainable moderate development. With a stable government in place and

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growing optimism which could translate into investment and growth, some quick reforms and removal of some barriers and obsolete regulations in the service sector could help. The downside risk however is the fragile global situation.

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