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Dream of 5 Trillion Economy - Difficult Not Impossible

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***Abstract*: High standard of living, improving the infrastructure (rural and urban), strong manufacturing sector (production for India, in India (make in India)), riding the digital wave- harnessing technology for the country's growth and unlocking the potential of women, these are the five ways for country's sustainable economic growth. This article is an attempt to reflect the picture of present economic status of Indian economy and efforts were made to provide some suggestions on the basis of information's for the boosting the economy.**

***Keywords*: Trillion economy**

1. Introduction

This is the phase when Indian economy is facing a challenge of lack of Economic predictability. Nitigat Nischita (Policy stability) is a key prerequisite for economic growth. Efficiency is not in making policy only but also on giving due emphasis on their effective implementation In a significant achievement which will go a long way in boosting India's global developmental standing, the country has improved its composite 'Sustainable Development Goal (SDG) score by three points from 57 in 2018 to 60 in 2019.Indeed 2019, has not proved out to be a really good year from the perspective of country's economic growth but still no one can deny this fact that the present Indian government is doing persistent and consistent efforts to achieve the ultimate aim of making India, the world's largest economy. Recent enhancements in Foreign Direct Investment limit in different sectors, reduction in corporate taxes etc. are proving out to be key steps taken in this series. Let we discuss about some significant sector's present position and suggestions to improve.

In olden days, the country having more gold is to be understand more powerful but now-a-days, Data/more information is basis of country's power therefore, First and foremost need for growth of economy is Real Data or credible information which is prerequisite for effective policy making. Because only effective policy framework will provide stimulus to all major sectors of economy either it is FDI, real estate, automobile sector, banking sector or other key sectors.

2. Government Sector/Procedural Changes

Market-based economies thrive on hope and belief of profit by private entrepreneurs. When market sulks under negative sentiments in the market, the government infuses money to bring back hope. But the central government's hands are tied. In India, the government expenditure accounts for around 10 percent in the economy. With the government sensing an economic slowdown, it had increased its expenditure by 19 per cent in 2017-18 and 13 per cent in 2018-19. This was the highest increase in government expenditure since 2008 financial meltdown. To do a repeat, the government needs more money. But revenue collection is moderate for April-June quarter -- at Rs 4 lakh Crore registering a growth of less than 1.5 per cent. To put in perspective, the gross tax collection growth for April-June 2018 was over 22 per cent. Simply put, the government does not have enough money to invest in the economy. But still Government is doing their best to tackle the situation. Few Suggestion for betterment may be:

- Changes must be in gradual process not instantly because our economy is not ready for spontaneous change.
- Reduction in govt. expenditure in long term project for time being and try to complete the already started project. When the already started project will workable and will start to generate revenue for economy only then some new initiatives should take care.
- More autonomy in decision making to the concerned department in place of Minimum Government and maximum Governance. Because only then efficient and effective decision will come for particular area.
- GST Simplification
- Income tax lower slab may be reduced so that people have more money to spend.

A. Real Estate

Multiple defaults from the major construction companies and builders on various real estate projects in year 2013 is one of the key factor that shrink the pace of growth of the real estate sector in India. The health of real estate is a massive indicator of the state of Indian economy. It has links with about 250 ancillary industries -- bricks, cement, steel, furniture, electrical, paints etc -- and affects them all if there is a boom or gloom in the sector. Reports are that the volume of unsold houses over the past one year has increased manifold in the top cities of the countries. According to real estate research company Liases Foras, the unsold inventory currently stands at 42 months. This means, it will take 3 years and 6 months for the existing unsold inventory (read flats/houses) to clear up. An efficient market maintains 8-12 months of inventory.

Furthermore, the sudden shock of demonetization, followed by new regulatory changes in the GST and real estate in the form of RERA (Real Estate and Regulation Act), only served to bring in more uncertainty in the mind of public, regarding this sector. But still expectations are alive and by putting positive and constructive efforts, this situation can be handled.

- Affordable housing society.
- Income Tax rebate to those who have their own house
- Hazard free Home loan at concessional rate.
- Subsidiary may be given to builder for timely completion of their projects and attractive commission provisioning to selling agents may be also taken because these are the people who motivate the people for purchasing their own house.
- RERA is a good step in real estate sector and will create trust element among buyer in coming time.
- A significant correction can pave the ground for V-shaped recovery on the real estate sector.
- The main aim of the government should be to provide relief to homebuyers and to ensure timely completion of housing projects from NBCCs (National building Construction Corporation).

B. Automobiles Sector

Automobile sector is facing its worst crisis from the last two decades. Reports say around 2.30 lakh jobs have been lost in the auto sector. A large of it is being blamed on the global trend accentuated by the Brexit situation. But what signals a deeper problem is a report published by the Society of Indian Automobile Manufacturers (SIAM) about that 300 dealerships being shut down in recent times. Sale of cars, tractors, two-wheelers have declined considerably. SIAM said about 10 lakhs jobs have been hit in the auto component manufacturing industry. For every 1000 population, we have 32 cars while it's 980 and 850 in US and UK respectively. Last year in India, 34 lakh cars sold while in China the sales was 2.37 crores vehicle. These figures show that enough scope of growth is there. We hope Government would act swiftly to address the challenges. No doubt, concept of electric vehicle is an admirable change but we have to check it on the basis ground reality then implement the same with more innovative ideas. Suggestive measure to boost this sector may be:

- Reduction in import duty on automobiles parts and Cess on diesel and petrol may be withdrawn for time being for correcting the situation.
- Vehicle registration fees may be reduced for time being.
- NGT (National Green Tribunal) orders and guidelines for old diesel vehicle needs be reviewed.
- The Supreme Court's ruling on BS VI cars is also holding back customers from buying automobiles. The provision of issuing advisory statements should be taken into practice from the government side for the clarification of all sorts of doubts of potential buyer in the economy.

C. Small Scale Industry

Economic concentration, unemployment, lack of capital is the major bottlenecks of the industrial growth of Indian economy. The growth of MSMEs will definitely help to get rid from these bottlenecks of industrial growth. At macro-level, lending by banks to industries shows a significant jump from 0.9 per cent in April-June quarter in 2018 to 6.6 per cent for the same period this year. This should reflect in job growth in industries but the employment situation is dismal. While the labour force survey, released by the government in July, showed a record high unemployment rate of 6.1 per cent for 2017-18. Recent report issued by RBI does not present a brighter picture. The RBI consumer confidence survey showed a drop in consumer confidence for July over pessimist situation in job creation and overall economic scenario.

This contradiction is explained in the details of pattern of lending by banks, which have extended credit to big industries while money flow to medium- and small-scale enterprises, which are the biggest employers. The credit to big industries grew by 7.6 per cent during April-June compared to 0.8 per cent last year. Lending to MSME (micro, small and medium enterprises) by banks has actually slipped from 0.7 per cent in 2018 to 0.6 per cent this June quarter. Some suggestions which will help to promote this sector.

- Incentivize and support small scale and medium scale industry because they have high potential to provide employment and boost to circular flow of income by providing wages to labour, profit to entrepreneur and revenue to Govt sector.
- Subsidiary for establishing marketing set up to entrepreneurs or to the providers of such services.
- Training on marketing, technical and administrative skill enhancement and Assistance to SSIs to market their product
- Incentives/Reward to those entrepreneurs of small scale industry who are performing better and also indulge in exporting.

D. Banking Sector

- Interest on saving needs to be increase for encouraging the public to save, provide personal loan which will enhance their spending that will further add to the circular flow of income.
- Government need to give confidence to banks about economic revival measure and at the same time push banks for higher lending. Banks need to pass-on RBI's reduction in Repo rate to consumers. Lowering of interest rate will help in gaining confidence among the customers.

- Flow of Loan may be based on rational decision making process Provide assistance to their customer about other personal investment plans in form of mutual funds because bank association with these fund give the customer trust to invest in private fund.
- Interest rate on saving may be increased to motivate the people to save more.
- Diversified functioning.

E. Agriculture Sector

Government should assure that farmer will get reward of their hard core efforts. For this

- Stable agriculture policy.
- Agriculture policy with effective implementation so that farmers could get reward of their hard work.
- Direct monetary aid should be provided to farmers instead of channelizing those funds in the form of subsidiaries to the fertilizers and power companies.
- Creation of an all India market for Agricultural Products.
- Allow new genetically modified crop (GMC).

F. Gold

India consumes around 800-850 million kg of gold annually. At present gold attracts an import duty of 10 per cent and GST of 3 per cent which means a total tax incidence is 13 per cent. The domestic industries are urging to reduce it by at least 2 per cent. As this increase in rates will cause more illegal entry of gold in the country (around 100-120 tons of gold enter through illegal routes).

Manufacturing Sector & FMCG Sector:

- Rural Area still has potential so efforts should be done to increase their consumption.
- The government bold reform to slash corporate tax rates for domestic companies to 22 per cent from 30 per cent and 15 per cent for new companies didn't turn up with the desired outcomes Corporate tax cut did not give much growth so it is suggested to spend much on rural sector industrial growth.
- New technology/ new ideas/exploring new markets will help to revive the economy such as introduce the concept of Artificial Intelligence(AI) will help to curb the stagnant demand especially in urban areas.
- Inter linkage between different sector will definitely gear up the pace of economy's.
- Recent step of increasing the import duty will help to grow. It will help to protect Indian industry, force to search new substitute of imported products and more consumption.

G. Inflation

Even though consumer inflation has risen dramatically in the month of December, the core inflation is muted because of subdued demand. This essentially means that once the vegetables price cool down, the headline inflation figure will fall back within the comfortable zone of the RBI. Another silver lining is that the higher price of farm products will lift rural earning which are crucial for economic revival. Moderately high inflation will lift nominal GDP growth which is projected at 7.5percent for FY 2020, a 42-year low. But on the other hand household budget will see a higher outgo on food items which can shrink demand for other products, something that is not pleasant news when the overall demand is already down. Therefore, for generating more demand there must be focus on innovative ideas/ innovative manufacturing such as use of Artificial Intelligence, searching new market within the country and abroad, providing more opportunities of employment, promising economic and business environment. Definitely all these initiatives give a flying kick to cycle of countries economy.

H. Foreign Direct Investment

The statement given by Jeff Benzo that amazon.com will invest $1 billion in digitalizing small and medium businesses in India and expects to export $10 million worth of India-made goods by 2025. This aid could also be treated as a positive sign which has the potential to revive the present economy of the country. In the same way efforts should be done to attract more and more Foreign Direct Investment by providing:

- Relaxation
- Facilities,
- Environment and platform

In addition to above, Special Economic Zone (SEZ) and Foreign Trade Zone (FTZ) will also support to boost up the health of economy and aid in overall growth as well. Policymakers should now focus on easing India's business climate to attract more investments and not worry too much whether the investment goes into agriculture, manufacturing, or services sectors.

I. Invest in human capital

The World Bank ranked India at a lowly 115th out of 157 countries in its Global Human Capital Index rankings released last year. Women Empowerment or Gender parity will also help to grow the economy. Because if rest population will come and get chance to contribute in National Income then definitely economy grow with double pace. Gender Budgeting will provide the platform to women to be part of economic opportunity. The need of hour is to prove Equality in addition to Equity. We would not only provide them opportunity but also give them safe and friendly environment to avail the provided opportunity.

In nutshell, it can be said that with the proactive measures taken by the Government and the Reserve Bank of India (RBI), optimistic attitude and strong infrastructure pave the path of progress and a gradual recovery will soon be in place. Specifically, the recently published report says, "Fears of an economic crisis in India are allayed. The emerging markets continue to have uneven performance but India recovers from decelerating growth. Overall, a surgical action is required to face the current economic situation, keeping in mind the long-term impacts of each and every action of the government on the part of improving the state of economic affairs of the country. We will touch the target of highest growing economy. Then, only we can recall again that “Economy on boom and we are on moon”. We have potential, will definitely win.

3. Conclusion

This paper presented an overview on dream of 5 trillion economy.

Disclaimer: This article is an effort of compilation of informations available on different website, News Papers, Magazines in author’s perspective and her individual opinion about present economic scenario. Informations are extracted from different newspaper and magazines and online sources.

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