



NATIONAL INCOME AND ITS CHALLENGE DURING LAST HALF CENTURY

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ABSTRACT

Over the past five decades, India has made remarkable progress in reducing extreme poverty. Between 2011 and 2019, the country is estimated to have halved the share of the population living in extreme poverty - below \$2.15 per person per day (2017 PPP) (World Bank Poverty and Inequality Portal and Macro Poverty Outlook, spring 2023). In recent years, however, the pace of poverty reduction has slowed; key welfare indicators have also been slow to improve. Recent estimates suggest that extreme poverty increased due to the COVID-19 pandemic but moderated in 2021-22 as access to vaccines became widespread. Inequality in consumption has remained persistent, with a Gini index of around 35 over the past two decades. Child malnutrition has remained high, with 35.5 percent of children under the age of 5 years being stunted, with the figure rising to 67 percent for children in the 6-59 months age group. Headline employment indicators have improved since 2020 but concerns remain about the quality of jobs created and the real growth in wages. The World Bank is partnering with the government in this effort by helping strengthen policies, institutions, and investments to create a better future for the country and its people through green, resilient, and inclusive development.

KEY WORDS:--Income, century, challenges, Development, Society, Economy,Poverty,etc.

INTRODUCTION

“Economic inequality” generally refers to the disparity of wealth or income between different groups or within a society. Often characterized by the saying “the rich get richer while the poor get poorer,” the phrase often refers more purposely to the gap in income or assets between the poorest and richest segments of an individual nation. Even though the basic concept has entered the public consciousness; the effects of highly concentrated wealth are hotly debated and poorly understood by observers. Research attributes advantages and disadvantages to pronounced levels of economic inequality. Some on the right claim income inequality is socially beneficial in the main despite possible negative effects. Global trends have led to an increasing concentration of wealth in an increasingly small number of hands. Although some methods of calculating global economic inequality show little change in wealth distribution, different methods of calculating income or wealth tend to come up with different results. The majority of analysts conclude inequality is increasing. In 2013, nearly half of all global wealth was owned by one percent of the global population. On current trends Oxfam says, in its latest it expects the wealthiest 1 percent to own more than 50 percent of the world’s wealth by 2016. Intra-national inequality has captured the attention of political,



business and academic leadership in wealthy nations such as the United States, Japan, and Europe. The purported consequences of the rich-poor divide are exceedingly diverse. Some economists conclude inequality is beneficial overall for stimulating growth, improves the quality of life for all members of a society, or is merely a necessary part of social progress

INDIAN ECONOMIC DEVELOPMENT DURING LAST FIFTY YEAR

The Indian economy is set to regress to its trend growth rate of 7.5 percent in the coming years as it bottoms out from the impact of the Goods and Services Tax (GST) and demonetization, a new World Bank report says. The IDU released today, is a biannual flagship publication of the World Bank which takes stock of the Indian economy. The current issue (March 2018), titled “INDIA GROWTH STORY” describes the state of the Indian economy, shares India’s growth experience and trajectory over the past several decades and provides a long-term standpoint on India’s growth outlook. Over the last 50 years, the Update notes that India’s average growth has accelerated slowly but steadily across sectors – agriculture, industry and services – and become more stable. This is reflected in increasing labor productivity and total factor productivity. After growing far more rapidly before the global financial crisis, the economy has grown at an average rate of about 7 percent since 2008–09.

The Update centers around a consideration of **what it will take for India to return to growth rates of 8 percent** and higher on a sustained basis. To sustain its growth path, India will need to keep a close eye on several factors to make the country more resilient to shocks: the changing landscape of open trade, reforms in the banking sector, strengthening economic institutions, and regulatory supervision of the financial sector. Deepening its structural reforms in the areas of health, education and service delivery will be critical for development of human capital required to sustain growth.

OUTLOOK REPORT

India’s GDP growth saw a temporary dip in the last two quarters of 2016-17 and the first quarter of 2017-18 due to demonetization and disruptions surrounding the initial implementation of GST. Economic activity has begun to stabilize since August 2017. India’s GDP growth is projected to reach 6.7 percent in 2017-18 and accelerate to 7.3 percent and 7.5 percent in 2018-19 and 2019-20 respectively. While services will continue to remain the main driver of economic growth; industrial activity is poised to grow, with manufacturing expected to accelerate following the implementation of the GST, and agriculture will likely grow at its long-term average growth rate. India’s growth in recent years has been supported by prudent macroeconomic policy: a new inflation targeting framework, energy subsidy reforms, fiscal consolidation, higher quality of public expenditure and a stable balance of payment situation. In addition, recent policy reforms have helped India improve the business environment, ease inflows of foreign direct investment (FDI) and improve credit behavior. The Update points to the positive impulse expected from India’s novel GST system which, while remaining more complex than comparable systems in other countries, is likely to improve the domestic flow of goods and services, contribute to the formalization of the economy and sustainably enhance growth.

Higher growth requires reforms

Despite the recent momentum, attaining a growth rate of 8 percent and higher on a sustained basis will require addressing several structural challenges. India needs to durably



recover its two lagging engines of growth – private investments and exports - while maintaining its hard-won macroeconomic stability. Crucial steps in this process include cleaning up banks' balance sheets, realizing the expected growth and fiscal dividend from the GST, and continuing the integration into the global economy.

MAIN AREA TO HAVE FOR REFORM

Funds: The rate of venture needs to accelerate. Private investment in India is unnatural by several factors including issues related to past leverages, credit availability, market demand, and policy uncertainty. Understanding and relieving the generic, spatial, or sector-specific constraints to investment growth is important. Further policy measures should aim at assuring an efficient mix of public and private resources to effectively use scarce public funds and crowd-in private investment. Private sector investment in particular needs to be enhanced, through measures that assure a favorable investment climate while reducing policy uncertainty.

Bank facilities : Reviving bank credit to support growth is important. The banking sector is experiencing high balance sheet stress. The genesis of the problem can be traced to the period of exuberant bank credit growth during 2004–08, and to the response to the global financial crisis, which entailed evergreening of loans. Decisive reforms will be needed to enable the Indian banking sector to help finance India's growth aspirations. The implementation of the new Insolvency and Bankruptcy Code is an important step towards improving the credit behavior; and the recent efforts towards recapitalization have the potential to ease stress on the banking sector and reinvigorate bank credit. However, they need to be followed by wider reforms. Additional measures could include a consolidation of public-sector banks, revising their incentive structure to align more closely with their commercial performance, ensuring a level playing field for private banks, and opening the space for greater competition.

Exports: Export growth rate residue well below the levels registered during the explosion years of 2004–2008. The Update points out that India's export growth has lagged global growth in recent years. Among the many preconditions for India to reverse this pattern are an infrastructural boost to bring it on par with the world's current manufacturing hubs. In addition, reforms to land, labor and financial markets would be needed to assure the continued competitive supply and use of key production inputs. Finally, building on recent improvements to its doing business ranking, India can benefit from further strengthening its competitive business environment.

Externalconditions: As India has increased the level of combination with the rest of the world in recent years, it could benefit from the revival in the global economy and trade volumes, both of which are poised to grow at healthy rates in the near-term. Leveraging the global recovery will be key for India to elevate its growth rates. While oil prices pose less of a risk for the Indian economy, the expected normalization of monetary policy by the US and other advanced economies are likely to tighten financing conditions.

CHALLENGES IN INDIA :LAST 50 YEARS

1.POVERTY

Poverty is a state or condition in which one lacks the financial resources and essentials for a certain standard of living. Poverty can have diverse social, economic, and political causes and effects in 2011-12, 22% of the population (one in five Indians) lived in extreme *poverty*. This figure is expected to decline to 5% by 2022, as per World POVERTY



CLOCK. A third of the world's poor live in India, and 37% of the total population in India lives below the international *poverty* line. 42%.

2.POLLUTION—

Pollution is the introduction of contaminants into the natural environment that cause adverse change. Pollution can take the form of any substance or energy. Pollutants, the components of pollution, can be either foreign substances/energies or naturally occurring contaminants. *Pollution* and environmental issues are the other challenges that India is facing at present. Though India is working hard, there is a long way to go. To name a few, the major challenges that India faces revolve around: Poverty, *Pollution*, Illiteracy, Corruption, Inequality, Gender discrimination. As winter approaches air *pollution* becomes a visible problem in India. Whether it is because of crops burning in the fields or vehicular exhausts.

3.CORRUPTION—

Corruption is a form of dishonesty or a criminal offense which is undertaken by a person or an organization which is entrusted in a position of authority, in order to acquire illicit benefits or abuse power for one's personal gain. *Corruption*. The most widely spread endemic in India is *corruption*, which must be handled quickly and wisely. There is hardly any office, in both the private. The most widely spread endemic in India is *corruption*, which must be handled quickly and wisely. There is hardly any office, in both private and govt. sector. *Corruption* is another big challenge faced by the Indian economy. *Corruption* leads to a lot of inefficiency and waste in the economy.

4.ECONOMY—

An economy is an area of the production, distribution and trade, as well as consumption of goods and services. In general, it is defined as a social domain that emphasize the practices, discourses, and material expressions associated with the production, use, and management of scarce resources. Social issues are famous from *economic issues*; however, some issues (such as immigration) have both social and economic aspects. There is an essential need to bring inflation under control, and bring basic amenities at affordable prices for all. When will this *economic* divide be erased .

5. ECONOMY INEQUALITY--

Wealth disparity in major cities There are wide varieties of economic inequality, most notably income inequality measured using the distribution of income and wealth inequality measured using the distribution of wealth, *Social inequality* is "the state or quality of being unequal". ... Inequality is the root of several social problems that occur when factors such as gender. *Inequality* has risen rather than decreased. It is hoped that economic growth would help drag the Indian poor above the poverty line.

6. INFRASTRUCTURE—

Infrastructure is the set of facilities and systems that serve a country, city, or other area, and encompasses the services and facilities necessary for its economy, households and firms to function. *Lack of Infrastructure*: Major challenges faced by public schools is the lack of drinking water facilities, electricity, toilets, and poor hygiene services or facilities.

7. LITRECY



Literacy in its broadest sense describes "particular ways of thinking about and doing reading and writing" with the purpose of understanding or expressing thoughts or ideas in written form in some specific context of use. The percentage of *illiteracy* in India is alarming. Though 74.04% of people were counted as literate in 2011 census, there is a wide disparity between rural .The *Illiteracy* level is well below the world average literacy rate of 84%,and of all nations, India currently has the largest illiterate . Alarming high rates of *illiteracy* are found in India. Although 74.04% of persons were recorded as literate in the 2011 census.

8. UNEMPLOYMENT—

Unemployment is people above a specified age not being in paid employment or self-employment but currently available for work during the reference period. Unemployment is measured by the unemployment rate, which is the number of people who are unemployed as a percentage high. *Unemployment* is the major problem in India. This problem is not unsolvable. In India 92% people are in unorganized sector. *Unemployment*, nowadays, is very common among the youth. This situation is also known as joblessness. Moreover, it is a set of circumstances where *Unemployment* is high and the informal sector is in a shambles state.

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