

India Emerging as an Economic Superpower

Hiyani

Assistant Professor In Economics D.A.V. College For Girls, Yamuna Nagar

Abstract: *With nearly 1.1 billion inhabitants, India is the second largest country on earth in population, and seventh largest in geographical area, over 1.1 million square miles. This is almost 1,000 people for every square mile of area nationwide—much denser than even China. Since achieving independence from British rule in 1947, it has seen its share of conflict, struggle and setbacks. Although India still faces many challenges, it is now poised to reach a higher position on the world scene than at any previous time. The Indian economy has grown an average of around 6% annually over the past decade and 8% per year over the past three years—among the fastest rates in the world. It boasts an emerging middle class and increasing gross domestic product, exports, employment and foreign investment. This is complemented by a roaring stock market (index value up by a third in 2005 and by 200% since 2001), low external debt and large foreign exchange reserves. Recent visits from leaders and officials from the United States, France, Germany and Russia have spotlighted India's rise. These wealthier nations see India as a trading partner with enormous potential. Now the question is 'Will India Become a Superpower?' This paper is an attempt to show that "Whether India is really becoming an economic super power or is it a myth?"*

I. Introduction

More than sixty years ago, in the summer of 1948, the Indian nation, then newly-born, was struggling for its very survival. It was pierced from the left by the Communists, and pinched from the right by Hindu extremists. And there were other problems aplenty. Eight million refugees had to be resettled; provided with land, homes, employment and a sense of citizenship. Five hundred princely states had to be integrated, one by one, a process that involved much massaging of egos (for the Maharajas tended to think very highly of themselves), and just a little coercion. Few Indians now alive know how uncertain our future looked in the summer of 1948. The question then being asked everywhere was 'Will India Survive?' Now, sixty-four years down the road, that fearful query has been replaced by a far more hopeful one, namely, 'Will India Become a Superpower?'

India remains poor, but enjoys rapid economic growth rates and now possesses the world's fourth largest economy. The Republic of India is considered as one of the possible emerging superpowers of the world. This potential is attributed due to several indicators, the primary ones being its demographic trends and a rapidly expanding economy. India, the 7th largest nation by area, lies at the north-central region of Indian Ocean - a zone with unprecedented potential for growth in the scale of transoceanic commerce, with many Eurasian and increasingly Afro-Asian sea-trade routes passing through or close to Indian territorial waters. The subcontinent's land and water resources, though strained, are yet sustaining its massive population.

According to Lord Curzon of the British Empire: The central position of India, its magnificent resources, its teeming multitude of men, its great trading harbors, its reserve of military strength, supplying an army always in a high state of efficiency and capable of being hurled at a moment's notice upon any point either of Asia or Africa--all these are assets of precious value. On the West, India must exercise a predominant influence over the destinies of Persia and Afghanistan; on the north, it can veto any rival in Tibet; on the north-east . . . it can exert great pressure upon China, and it is one of the guardians of the autonomous existence of Siam. Possession of India gave the British Empire its global reach.

The economy of India is currently the world's third largest in terms of real GDP (PPP) after the USA, the People's Republic of China and Japan, and the second fastest growing major economy in the world, averaging at an annual growth rate of above 8.9%. Its record growth was in the third quarter of 2003, when it grew higher than any other emerging economy at 10.4%. Interestingly, estimates by the IMF show that in 2011 (see List of countries by future GDP estimates (PPP)), India became the third largest economy in the world, overtaking the Japanese economy. The current growth rate is at 9.2%. Though the growth rates fell to 4.5% in 2013, they jumped to 5.7% in 2014. India, growing at 9% per year, is the world's second largest producer of food next to China. Food processing accounts for USD 69.4 billion as gross income India is still relatively a small player in manufacturing when compared to many world leaders. Some new trends suggest an improvement in future, since the manufacturing sector is growing at 11-12%. But since Prime Minister Narendra Modi's slogan 'Come, Make in India' there are chances that India's Manufacturing sector will grow rapidly due

to FDI as the government is trying to increase the ease of doing business in India. India currently has an expanding IT industry which is considered one of the best in the world. Some have begun to describe India as a technology superpower. It is considered the World's Office and is leading in the Services Industry. This is mainly due to the availability of a large pool of highly skilled, low cost, English speaking workforce. India is trying to develop more high skilled, English speaking people to fit in the future knowledge economy. India is becoming one of the world's leading producers of computer software and with mushrooming R&D centers it is experiencing a steady revolution in science and technology. A typical example of India's rising scientific endeavors is that it was the 3rd nation to found a National Space Agency called ISRO, after the USSR and the U.S. It was the third Asian nation to send satellites into space after China and Japan in 1970, starting with Aryabhata in 1975.

II. India Emerging As An Economic Superpower

To understand the situation, it would be worthwhile to examine the Gross National Income on Purchasing Power Parity basis (PPP) of the world's economies with a total GNI (PPP) above \$1000 billion. Table 1 provides information for 13 economies which fall in this range. GNI (PPP) has been used since it provides us an idea about the size of market in the country.

Table 1: GNI and Per Capita of GNI of select countries in 2013

Sr. No.	Country	Population (Billion)	GNI		GNI PPP	
			\$ Billion	\$ Per Capita	\$ Billion	\$ Per Capita
	USA	316.1	16903	53470	16992	53750
	China	1.357	8905	6560	16084	11850
	India	1.252	1960	1570	6699	5350
	Japan	127.3	5899	46330	4811	37790
	Germany	80.62	3810	47270	3677	45620
	Russian Fed.	143.5	1987	13850	3328	23190
	France	66.03	2869	43460	2544	38530
	UK	60.10	2671	41680	2445	38160
	Italy	59.83	2145	35860	2126	35540
	Mexico	122.3	1216	9940	1971	16110
	Korean Republic	50.22	1301	25920	1679	33440
	Spain	46.65	1395	29920	1525	32700
	Canada	35.16	1835	52200	1498	42610

Source: World Bank, World Development Report (2014)

Table 1 shows that although GNI (PPP) of India in 2013 was only \$5350, but on account of the large size of its population 1.252 billion, GNI (PPP) was of the order of \$6699 billion and thus India was ranked at No. 3 in the world, followed by USA and China.

Table 2: Growth Rates of GDP in Selected Economies

Sr. No.	Country	Annual GDP Growth Rate				Annual Growth Rate of Population			
		2010	2011	2012	2013	2010	2011	2012	2013
	USA	2.5	1.6	2.3	2.2	0.8	0.7	0.7	0.7
	China	10.4	9.3	7.7	7.7	0.5	0.5	0.5	0.5
	India	10.3	6.6	4.7	5.0	1.3	1.3	1.3	1.2
	Japan	4.7	-0.5	1.8	1.6	-0.1	0.3	-0.2	-0.2
	Germany	4.1	3.6	0.4	0.1	-0.2	0.0	-1.7	0.2
	Russian Fed.	4.5	4.3	3.4	1.3	0.3	0.4	0.2	0.2
	France	2.0	2.1	0.3	0.3	0.5	0.5	0.5	0.5
	UK	1.9	1.6	0.7	1.7	0.8	0.8	0.7	0.6
	Italy	1.7	0.6	-2.3	-1.9	0.3	0.2	0.3	0.5
	Mexico	5.1	4.0	4.0	1.1	1.2	1.2	1.2	1.2
	Korean Republic	6.5	3.7	2.3	3.0	0.5	0.7	0.5	0.4
	Spain	0.0	-0.6	-2.1	-1.2	0.5	0.4	0.0	-0.2
	Canada	3.4	2.5	1.7	2.0	1.1	1.0	1.2	1.2

Source: World Bank, World Development Report (2014)

Table 2 shows that the Indian economy experienced average growth of GDP 6.65% during 2010-2013 and the growth rate of population during 2010-2013 is 1.275% per annum.

III. Rise Of Big Business Tycoons In India

In the sixties and seventies, there was a big debate in India regarding the growth of monopolies and all this led to the passage of the monopolies and Restrictive trade Practices Act (1970). All proposals of new investment or expansion of investment were referred to the MRTP Commission for clearance. But the Industrial Policy of 1991 dismantled all these restrictions and freed big business to undertake heavy investments. This led to the emergence of a large number of billionaires in India. India is home to the fourth largest number of billionaires across the world, while the US tops the charts followed by China and Germany. Forbes (2015) has included 90 billionaires from India with a total net worth of \$294.25 billion. In the world, according to Forbes 2015, there is 1826 billionaire, out of which India has a share of 90 (4.92%). Reliance Industries Limited chairman Mukesh Ambani once again topped the list of 90 Indian billionaires, 28 of them newcomers, on Forbes' annual ranking, with Bill Gates emerging as the world's richest person for the 16th time in the last 21 years. With a current net worth of \$79.2 billion, up from \$76 billion in 2014, Gates for the second consecutive year beat out telecom mogul Carlos Slim Helu (No. 2), whose net worth increased to \$77.1 billion from \$72 billion last year, according to the US magazine's annual ranking of the world's billionaires. Five Indian women have made it to the Forbes list of the world's billionaires that saw a record number of women this year, although they still account for just about 11 per cent of the total. The number of Indian women in this year's list witnessed an increase over last year, when only two Indian women were included on the Forbes billionaires list.

Table 3: Ranking of Indian Billionaire in Forbes Billionaire List (2015)

Sr. No.	World Rank	Name	Age	Net Worth \$ Billion
1.	39	Mukesh ambani	57	21
2.	44	Dilip Shanghvi	59	20
3.	48	Azim Premji	69	19.1
4.	66	Shiv Nadar	69	14.8
5.	82	Lakshmi Mittal	64	13.5
6.	142	Kumar Birla	47	9
7.	185	Uday Kotak	56	7.2
8.	208	Gautam Adani	52	6.6
9.	208	Sunil Mittal	57	6.6
10.	208	Cyrus Poonawala	73	6.6
11.	254	Desh Bandhu Gupta	77	5.8
12.	283	Savitri Jindal	65	5.3
13.	291	Micky Jagtiani	63	5.2
14.	330	Adi Godrej	72	4.8
15.	330	Jamshyd Godrej	66	4.8
16.	360	Shashi & Ravi Ruia	-	4.5
17.	393	Subhash chandra	64	4.2
18.	405	Benu Gopal Bangur	83	4.1
19.	418	Anil Ambani	55	4
20.	435	Vikram Lal	73	3.9
21.	435	Pankaj Patel	62	3.9
22.	452	Brij Mohan Lal Munjal	91	3.8
23.	512	Mangal Prabhat Lodha	59	3.4
24.	512	Kushal Pal Singh	83	3.4
25.	603	Indu Jain	78	3
26.	603	Sudhir & Samir Mehta	-	3
27.	628	Kalanithi Maran	49	2.9
28.	714	Babu Kalyani	66	2.6
29.	714	Rajan Raheja	60	2.6
30.	737	Rahul Bajaj	76	2.5
31.	737	M.A.Yusuff Ali	59	2.5
32.	782	Ashwin Dani	72	2.4
33.	782	Rishad Naoroji	63	2.4
34.	782	Ravi Pillai	61	2.4
35.	810	Kuldeep Singh & Gurbachan Singh Dhingra		2.3
36.	810	P.V. Ramprasad Reddy	56	2.3
37.	810	Malvinder & Shivinder Singh	-	2.3
38.	847	Chandru Raheja	74	2.2
39.	894	Habil Khorakiwala	72	2.1
40.	894	N.R.Narayan Murthy	68	2.1
41.	894	Rakesh Jhunjhunwala	54	2.1
42.	949	Ajay Piramal	59	2
43.	949	Sunny Varkey	57	2
44.	1044	Murali divi	64	1.85
45.	1044	Senapathy Gopalkrishnan	60	1.85
46.	1054	Anil Agarwal	61	1.8
47.	1054	Yusuf Hamied	78	1.8

48.	1054	Nirav Modi	44	1.8
49.	1105	Nandan Nilekani	59	1.75
50.	1118	Ravi Jaipuria	60	1.7
51.	1118	Ranjan Pai	42	1.7
52.	1118	B.R. Shetty	73	1.7
53.	1190	Jitender Virwani	49	1.6
54.	1190	Venugopal dhoot	63	1.6
55.	1226	Vivek Chand	77	1.55
56.	1250	Devendra Jain	86	1.5
57.	1250	Lachhman Das Mittal	84	1.5
58.	1250	MOFATRAJ munat	70	1.5
59.	1312	Anu Aga	72	1.45
60.	1324	Radhe Shyam Aggarwal	70	1.4
61.	1324	Anand Burman	62	1.4
62.	1324	Sanjeev Goenka	54	1.4
63.	1324	Radhe Shyam Goenka	69	1.4
64.	1386	Harsh Mariwala	63	1.35
65.	1415	Sameer Gehlaut	41	1.3
66.	1415	Harsh Goenka	57	1.3
67.	1500	K. Dinesh	60	1.25
68.	1500	Vikas Oberoi	44	1.25
69.	1533	Hasmukh Chudgar	81	1.2
70.	1533	Vinod Gupta	69	1.2
71.	1533	Aloke Lohia	56	1.2
72.	1533	Anand Mahindra	59	1.2
73.	1605	Shishir Bajaj	67	1.15
74.	1605	Abhay Firodia	70	1.15
75.	1605	G.V. Prasad	54	1.15
76.	1605	Satish Reddy	47	1.15
77.	1605	S.D. Shibulal	60	1.15
78.	1605	V.G. Sidhartha	55	1.15
79.	1638	Niranjan Hiranandani	65	1.1
80.	1638	Surender Hiranandani	60	1.1
81.	1638	Kishore Mariwala	80	1.1
82.	1638	Azad Moopen	62	1.1
83.	1638	Sanjay Singal	55	1.1
84.	1712	Achal Bakeri	55	1.05
85.	1712	Amit Burman	45	1.05
86.	1712	T.S. Kalyanaraman	67	1.05
87.	1741	Sidharth Burman	70	1
88.	1741	Kiran Mazumdar Shaw	62	1
89.	1741	Subhash runwal	71	1
90.	1741	Bhadresh Shah	63	1

Source: Forbes List of Billionaire (2015)

IV. Is India Really Becoming An Economic Superpower?

An economic superpower may have a hundred billionaires, but the basic question is:

Does the billionaire's impact on the state of unemployment, poverty, deprivation, hunger in economy?

If the level of masses does not improve, but only a very small section of the country's population appropriates economic resources in their favour, then the country can't claim to be a real economic super power. It would be worthwhile to examine the reality of the status of economic super power in India.

a. Level of Employment in India

Employment has always featured as an element of development policy in India. The priority and attention it has received in development plans have, however, varied from time to time and so have the approaches and strategies as well as policies and programmes for employment generation. In aggregate, growth rate of employment in the organized sector has registered a continuous decline from one quinquennial period to another during 1972-73 to 2004-05

Table 4: Employment in Organized Sector in India.

	2006	2007	2008	2009	2010	2011	2012
Public Sector	181.9	180.0	176.7	178.0	178.6	175.5	176.1
Private Sector	88.1	92.2	98.8	103.8	108.5	114.5	119.7
Total	270	272.2	275.5	281.8	287.1	290	295.8

Source: Government of India, Economic Survey (2013-2014)

Table 4 shows the employment situation in the country Total employment in organized sector is increasing, but the growth rate is very slow. Classifying it to public & private sector reveals that the rate of growth of employment in the private sector is increasing, whereas in public sector it is decreasing.

Table 5: Growth of Employment in Organized Sector

	1973-78	1978-83	1983-88	1988-94	1994-2000	2004-05	2005-08
Public Sector	3.8	2.6	2.2	1.0	-0.1	-1.4	-0.7
Private Sector	0.6	1.4	-0.4	1.2	1.5	-0.5	3.8
Total	2.7	2.2	1.4	1.1	0.4	-1.1	0.7

Source: Economic Survey, various years

Table 4 shows the growth of employment situation in the country. Decline in employment during 2000-2005 has been faster in public sector than in the organized private sector. It is interesting to note that there has been a reversal of the trend of a decline in total organized sector employment since the year 2005-06. Overall employment in the organized sector saw a positive growth of 0.7 per cent per annum during 2005-08 Any assessment of the employment performance of the Indian Economy is not meaningful without an analysis of the structural dimensions of employment. These dimensions define and determine the substantive meaning of employment in terms of its nature and quality. Only a small segment of the workforce is employed on a regular basis at reasonable levels of wages and salaries. A large part is self-employed in agriculture which continues to be the major source of employment and livelihood for majority of the Indian workers. And an overwhelming majority works in what is called the unorganized or the informal sector. These qualitative dimensions are, of course, interrelated and reinforce each other in the direction of keeping the quality of employment low.

b. Poverty in India

The World Bank’s Global Monitoring Report for 2014-15 on the Millennium Development Goals says India has been the biggest contributor to poverty reduction between 2008 and 2011, with around 140 million or so lifted out of absolute poverty. Since the early 1950s, Indian government initiated various schemes to help the poor attain self-sufficiency in food production. These have included ration cards and price controls over the supply of basic commodities, particularly food at controlled prices, available throughout the country. These efforts prevented famines, but did little to eliminate or reduce poverty in rural or urban areas between 1950 and 1980. One of the main reasons for record decline in Poverty is India's rapid economic growth rate since 1991. Another reason proposed is India's launch of social welfare programs such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Midday Meal Scheme in Government Schools. Klonner and Oldiges, in a 2012 study, conclude that MGNREGA helps reduce rural poverty gap (intensity of rural poverty), seasonal poverty, but not overall poverty. The Indian government's definition of poverty in 2009 was questioned by United Nations World Food Program. It wondered if 11 kilograms of grains per month per person (24 lbs) is sufficient. The political debate that followed launched India's National Food Security Act, 2013, that guarantees food grains at very low costs to 820 million of the poorest Indians.

Various sources have questioned whether India should continue anchoring its definition of poverty around food or money. For example, the French Ministry of Foreign Affairs linked group CSH asks:

“While total overall poverty in India has declined, the extent of poverty reduction is often debated. While there is a consensus that there has not been an increase in poverty between 1993–94 and 2004–05, the picture is not so clear if one considers other non-pecuniary dimensions (such as health, education, crime and access to infrastructure). With the rapid economic growth that India is experiencing, it is likely that a significant fraction of the rural population will continue to migrate toward cities, making the issue of urban poverty more significant in the long run.”

Others suggest India should focus on Human Development Index (HDI), a composite statistic of life expectancy, education, and income indices. Yet others recommend Multi-dimensional Poverty Index (MPI)

c. Persistence of malnutrition among children

UNICEF, using 2005-2006 NFHS-3 sample survey results, has highlighted malnourishment in Indian children below the age of 5, with an estimated 7.4 million babies that were born in the sample year with low birth weights. The survey reported 17,656 women (39 percent), out of 45,325, were underweight at the time of delivery, 40 percent of urban children in 6-59 month category were shorter than world standards (stunted), and 33 percent were underweight than expected weight to their height per world standards (undernourished). In rural parts, the observed deviation of expected height and weights from world's ideal height and weight standards was significantly higher. Scheduled Tribe children were observed to be most stunted and undernourished, while among religious groups Muslim children were the most undernourished and Sikh children were relatively best nourished among Indian children. The states with higher rates of poverty also had the higher rates of child undernourishment (Bihar, Jharkhand and Madhya Pradesh), except for the northeastern states where Meghalaya

had most undernourishment while Manipur relatively less. Rohini Mukherjee, of the Naadi foundation – one of the NGOs that published the report – stated India is "doing worse than sub-Saharan Africa." However, the main cause for this malnourishment is dietary practices, and not economic poverty. To quote the same Rohini Mukherjee "It is very clear that in Africa (malnutrition) is a result of absolute poverty. They are starving... In our case, to me it seems it is about eating and feeding practices... Most children we measured have never been hungry, but what the child is eating is almost all carbohydrate." A 2005 World Bank report estimated just 5 poorest states of India accounted for 80% of India's child malnutrition cases

Table 6: Percentage of households with selected basic amenities in rural and urban areas, India, 2001 and 2005-06

Amenities in %	Total		Rural		Urban	
	2001	2005-06	2001	2005-06	2001	2005-06
Electricity	55.8	76.9	43.5	55.7	87.5	93.1
Toilet Facility	36.4	44.5	21.9	25.9	73.7	83.1
Drinking Water	72.3	84.8	67.4	81.1	84.9	92.4
LPG	16.1	24.7	5.1	8.1	44.7	58.7
Drainage	46.4	NA	34.1	NA	77.8	NA

Source: National Family Health Survey (2005-06)

National Family Health Survey (2005-06) shows data of basic amenities in rural and urban areas, India. Table6 reveals very low percentage of toilet facility, LPG & Drainage, while electricity & drinking water have moderate percentage.

India ranks at no. 135 on the basis of HDI in 2014

V. Concluding Remarks

Poverty and corruption is still rampant in India, but the world’s largest democracy is poised to rise to superpower status. There are challenges, of course. The reforms that are still in early stages. Political, cultural, and macroeconomic factors could slow down or derail progress; government corruption could be harder to eradicate than imagined, and oversized economic ambitions could crash against the hard reality of poor infrastructure and widespread poverty. At the same time, rising tension with its nuclear neighbor Pakistan and the growing military might of China could require India to spend heavily on defense, create internal strife between Hindus and Muslims, and distract from other priorities. Presently We have a Shining India with 90 billionaires, Rich & Middle class of 160 million which sucks away the major benefits of high growth rate. On the other and, there is a suffering India living more especially in rural areas and slums in urban areas which has the population of more than 900 million. The myth of being a economic superpower explodes when we look at the living conditions of 900 millions. Unless the condition of the vast majority of Indian population improves, it would be downright improper to consider India as a real economic superpower.

References

- [1]. Ahluwalia, M. S. (2011) “Prospects and Policy Challenges in the Twelfth Plan”, Economic and Political Weekly, Vol. XLVI, No. 21.
- [2]. Bakdar (2014) Five Reasons India’s GDP Growth India Online Pages (2014) India Population 2014. Retrieved from <http://www.indiaonlinepages.com/population/india-current-population.html>
- [3]. Chaudhari, Subhanil (2011) “Employment in India: What does the Latest Data Show?”, Economic and Political Weekly, August 6.
- [4]. Desai et al., (2010). India Human Development in India: Challenges for a Society in Transition. New Delhi: Oxford University Press.
- [5]. Government of India (Various Years), Economic Survey, New Delhi, Ministry of Finance.
- [6]. Government of India, Report on Effect of Economic Slowdown on Employment in India, Labour Bureau, Ministry of Labour and Employment (various quarterly reports).
- [7]. Ministry of Finance (2005) Government of India, Economic Division, Economic Survey 2004-05, quoting UNDP Human Development Report 2004
- [8]. Pada (2010) Child Malnutrition in India Putting the smallest first. The Economist <http://www.economist.com/node/17090948>
- [9]. Registrar General and Census Commissioner of India’s, 2011 Census of India Retrieved from <http://censusindia.gov.in/2011census/censusinfodashboard/index.html>
- [10]. Thomas (2006) India’s Economic Growth Unexpectedly Quickens to 9.2%. Bloomberg Retrieved from <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=ayAK98NMbmCA&refer=home>
- [11]. www.economist.com
- [12]. www.databank.worldbank.org
- [13]. www.jstor.org
- [14]. www.Forbes.com
- [15]. www.tribuneindia.com
- [16]. www.econ.worldbank.org