

Unit 60. Ten Steps For India To Be The Third Largest Economy by 2043



/ India is currently 9th largest economy as per our GDP (nominal) values . At present the largest economy is USA and the next big name is China. While presenting the Interim Budget 2014-15, the Union Finance Minister Shri P Chidambaram said that in the next three decades India will become the third largest economy behind USA and China. Leaving the political angles apart, the outlined ten steps for a vibrant economy is relevant as an economic policy to be actively pursued by every government in subsequent years.

Tip : UPSC aspirants are advised to have a close look at the ten steps. If you have a good idea about these goals, when questions come in Mains or Interview asking for solutions for economic problems of India, you can quote these steps, which are official.

Ten Steps For India To Be The Third Largest Economy by 2043.



1. **Fiscal Consolidation:** A target of fiscal deficit of 3 percent of GDP must be achieved by 2016-17 and must always be kept below that level.
2. **Current Account Deficit:** Since the economy will run a Current Account Deficit every year for some more years, it can be financed only by foreign investment, whether it is FDI or FII or ECB or any other kind of foreign inflow. Therefore, foreign investment must be encouraged.

3. **Price Stability and Growth:** In a developing economy where the aim is high growth, a moderate level of inflation will have to be accepted. RBI must strike a balance between price stability and growth while formulating monetary policy.
4. **Financial Sector Reforms:** The recommendations of the Financial Sector Legislative Reforms Commission must be implemented immediately as they do not require any change in legislation. Also, a timetable must be drawn for other recommendations that require legislation.
5. **Infrastructure:** The country must rebuild its infrastructure and add a huge quantity of new infrastructure. Every proven model must be adopted but the PPP model must be more widely used. New financing structures must be created for long term funds and pooling of investments.
6. **Manufacturing:** The Government must focus on manufacturing and especially on manufacturing for export. All taxes, Central and State, that go into an exported product should be waived or rebated. There should be a minimum tariff protection so that there is an incentive to manufacture goods in India rather than import them into India.
7. **Subsidies:** Given the limited resources, and the many claims on the resources, the Government must choose the subsidies that are absolutely necessary and give them only to the absolutely deserving.
8. **Urbanization:** The country's cities will become ungovernable, and perhaps unlivable, if attention is not paid to the decay in these cities. Cities have wealth and also create wealth. But that wealth should be tapped for resources to rebuild the cities with a new model of governance.
9. **Skill Development:** Skill development must rank alongside secondary education, university education, total sanitation and universal health care in the priorities of the Government.
10. **Sharing responsibility between States and Centre:** States have the fiscal space to bear a reasonable proportion of the financial costs of implementing flagship programmes and must willingly do so, so that the Central Government can allocate more resources for subjects such as defense, railways national highways and telecommunications that are its exclusive responsibility.

Conclusion : In future, the fortunes of China and India will have a significant impact on the rest of the world. Therefore, the Indian Government must be responsible not only to itself but to the whole world by keeping the country's economy in robust health.



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