

Indian Economy and Business in the Beginning of the 21st Century:

Problems and Policy

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Abstract

Business opportunities and outcomes are closely associated with the cycles of economic booms and depressions. Recently, it is widely debated if the current economic growth in India is sufficient to instill animal spirits in the market to weed out fast its perennial problems of unemployment and poverty from the country. This article revisits the economic growth experience of the country in the last two decades to identify the key problems and policy solutions at the aggregate level. The paper undertook a two-step analysis using the macroeconomic data from the Statistical Yearbook of the Reserve Bank of India. In the first step, it analyzed the trends of economic growth in the last 20 years to identify key contributors to growth. In the second step, it ran a regression analysis of the identified factors to understand their precise impact or importance in affecting economic growth. The findings suggest that policies to increase the growth rates of agriculture, investment, and bank credit are key to revive the Indian economy and businesses for achieving higher GNP growth rate, while more investigation and research is necessary to establish the precise impact of the growth rates of exports, FDI and employment in the organized sector on the macroeconomic growth.

Keywords: Indian Economy, Macroeconomics, Business, Growth, Determinants of Growth.

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