

Economic Policies Reform during NDA Government in India to Attain Higher Economic Growth

Abstract

The reforms initiated by Prime Minister Narendra Modi represent a turning point in India's economic development strategy and policies since 2014. It is a boon for our country as India which is a developing country and the Code aims as well as succeeds to ensure the upliftment of the economy of India. What has been the main objective of the overall economic reform process in India? This paper represents various economic policies that have the aim to accelerate the economic growth of the country. These policies aim for greater efficiency and effectiveness with productivity gains in India.

Keywords: Indian Economic Reforms, Economic Policies, Development Strategies, Economic Growth.

Introduction

An economic policy is a series of action that is made to control and provide guidance for positive impact on the economy. Economic policies are made, controlled and influenced by the government itself. For instance, of economic policies made by the government for spending and taxation, about the redistribution of income from rich to poor, and supply of money in the economy.

Goals

1. Economic growth: Economic growth means that the incomes of all consumers and firms are increasing over by every year.
2. Full employment: the main goal is providing people with job opportunities who want to work.
3. Price stability: to prevent increases in the general price level known as inflation, as well as decreases in the general price level known as deflation.

Aim of the Study

It is a brief run-down of the seven key economic policies and reforms that have taken place in the last 5 years of the current government before providing some evidence of their effectiveness.

Therefore, Policy is generally designed to attain some objectives for example inflation, unemployment, or economic growth. 2020 for the Modi Government is a very important year as regards to these economic policies and their performance on the Economy after demonetization, implementation of GST, Make in India and other key reforms that are being implemented.

India's Economic Reform Agenda

He led his Bharatiya Janata Party (BJP) in the general elections of the country victory in 2014 and followed by the reelection in 2019. Certainly, good economics does pay in the long run. It is salient to examine India's evolution till date because of its humongous population, large market-size and diverse communities, which would have an impact globally.

Therefore, government has taken several decisions on economic policy, of which 7 are the key policies. Some of these policies are extensions of the policies that are made in the past that are now being revised and reformed and work is taken forward.

To put matters in perspective, we need to begin with a brief retrospective.



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Evaluating 7 Key Policies Pradhan Mantri Jan Dhan Yojana

One of the biggest achievements that should be mentioned is- the Pradhan Mantri Jan Dhan Yojana (PMJDY). He had announced this scheme on his first Independence Day speech on 15 August 2014. It is one of the biggest policy initiatives that is made in India till now. This was launched by the Prime Minister of India Narendra Modi 28 Auguston the year 2014, i.e within few days later of them coming into power. It also gained a lot of popularity and had a positive impact on the economy.

Aim of The Policy

1. It was to ensure that all the citizens of India have access to bank accounts and debit cards.

2. This policy was made to end the discrimination of financial resources of the poor masses in the country.
3. The project was made to fulfill economic benefits for all sections and segments of Indian society.
4. Its initial target was to open approximately 75 million accounts by the year 2015,
5. It is run by Department of Financial Services as well as Ministry of Finance.

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a scheme that aims to provide

1. A bank account
2. Credit facility,
3. Insurance cover
4. Debit card
5. Avail themselves of subsidies and Overdraft facility.

Investments Beneficiaries as on 01/01/2020

Bank Name / Type	Rural	Urban	Female	Total Beneficiaries	Deposits	Debit Cards
Public Sector Banks	16.26	13.87	15.9	30.13	87107.87	24.81
Regional Rural Banks	5.24	1.2	3.59	6.44	19902.1	3.83
Regional Rural Banks	0.7	0.56	0.67	1.26	3151.29	1.16
Total	22.2	15.63	20.17	37.83	110161.26	29.8

Source- Progress report by Pradhan Mantri Jan - Dhan Yojana

Privilege's under PMJDY Scheme

1. To have Interest on the deposits.
2. To have Insurance cover of at least Rs. 2 lakhs
3. No minimum balance required.
4. Easy Transfer of money across In India
5. Overdraft facility to everybody upto Rs. 10,000/-
6. Access to Pension.
7. As well as insurance products.

Linking of Aadhaar Card

An Aadhaar is an exclusive number allotted to every citizen and resident in India and is as an identification number. It contains-

1. biometric document that stores personal details of every person in a government database,
2. available for public welfare and citizen services.
3. Identity of every citizen of the country.
4. Reducing corruption
5. For government schemes are being launched



requiring it as a mandatory document

In other words, Aadhaar is a 12-digit unique identity number that can be obtained by the residents or passport holders of India.

It is controlled by the Unique Identification Authority of India (UIDAI), a body established in January 2009 by the government of India.

Benefits IT Is Providing PAN card and IT return

This is considered to be the best step to reduce black money. As per the recent income tax laws an individual is expected to mention their Aadhaar number while

Link their PAN card for filing income tax return (ITR).

It helps you cut down on the paper work needs. This mode is more cost-effective and efficient.

Bank Accounts

Aadhaar card are acceptable by banks as a valid proof to open bank account. In fact, it can be used as an address and identity proof, that again cut downs the paper work.

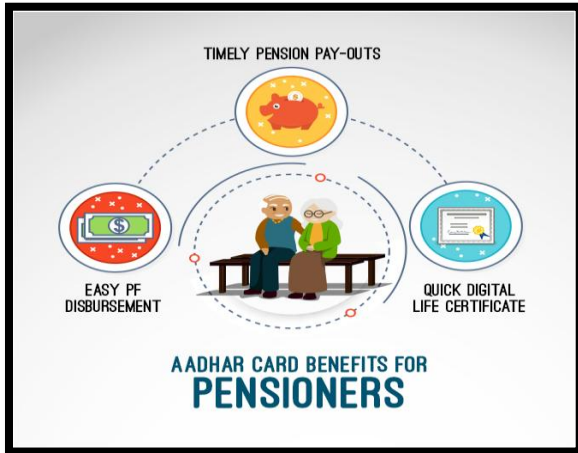
Pension

All the pensioners have to register their Aadhaar card number in order to receive their pensions on time. The Aadhaar Card is working as blessing for senior citizens, as all citizens find it less time consuming.

Timeline

1. 21st December 2015- The Insolvency and Bankruptcy Code, 2015 was introduced by the Finance Minister, Mr. Arun Jaitley in the Lok Sabha.
2. 23rd December 2015- The Code was referred to a Joint Committee of Parliament.
3. 28th April 2016- The Joint Committee of Parliament submitted their suggestion and thus was modified.
4. 5th May 2016- The modified code was passed by Lok Sabha.

5. 11th May 2016- passed by Rajya Sabha as well.
6. 28th May 2016- It was notified in The Gazette of India.
7. 1st December 2016- The Code became effective.



LPG and Other Subsidies

It has made the LPG subsidy being available very easy in your bank account. Infact, all the government related schemes can be enjoyed through Aadhar card. There is No need to register separately for every government benefit.

JanDhanYojana

Pradhan Mantri Jan Dhan Yojana (PMJDY) agree to take Aadhaar card/number as the only document that is sufficient to open the bank account. It makes the process quick and easy.

Provident Fund

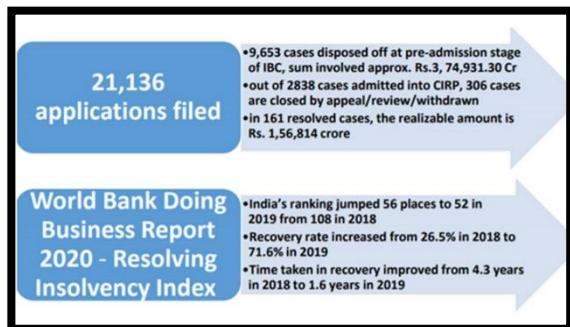
Similar to pension, only Aadhaar is required to Claim for PF account holders.

SEBI

It is accepted as a proof of address and identification bythe Securities and Exchange Board of India (SEBI) for financing in the stock market.

The Insolvency and Bankruptcy Amendment Code

In layman's terms, 'Insolvency' is a situation where an individual or organization has more debts than available assets and is unable to meet its requirements. 'Bankruptcy' means, who cannot pay back its debts. The Insolvency and Bankruptcy Code, which was passed in the year 2016 (IBC) is the bankruptcy law of India which aims to consolidate by creating a single law for both

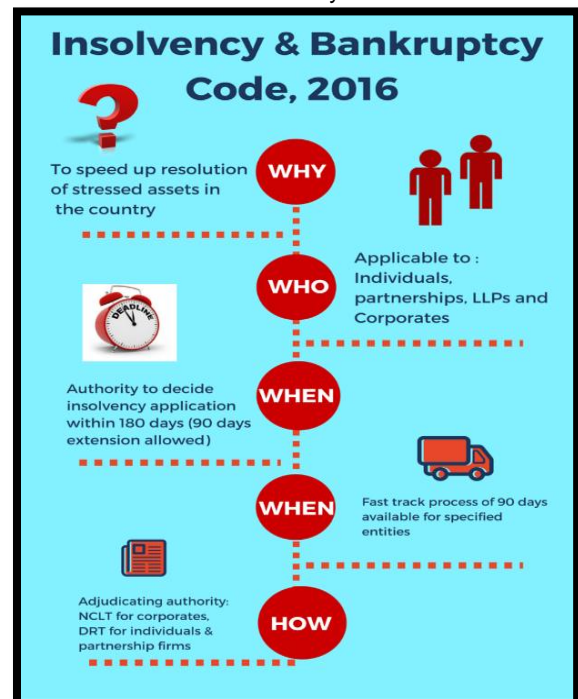


insolvency and bankruptcy. The bankruptcy code is a solution for resolving insolvencies. The code aims-

1. to protect the interests of small investors
2. to make the business easy going
3. a drift from the existing 'Debtor controlled' to a 'Creditor in control'.
4. The Code aims to have a separate law for insolvency resolving procedure for companies, individuals as well as partnerships.

Rules

1. As per the code the maximum time period for completing the insolvency resolution procedure isfor 180 days which can be later extended by 90 days only when the creditors agree to it.
2. In the case of start-ups the procedure can be fulfilled within a span of 90 days which can be further extended to 45 days.



The Benami Transactions (Prohibition) Amendment Act

Transactions are one of the feature of the Indian economy, consisting of purchase of property (i.e real estate), and its contributes the most in the Indian black money predicament. The act prohibits all kind of benami transactions in simple words illegal transactions with regards to property and provides the government the right to mend property held in benami. It is a way to fight black money, in the year 2016 the act was amended by the Parliament. Under which any asset that is tangible or intangible will be considered into Benami transaction.



The following transactions also fall under the definition of Benami transactions:

1. When a transaction is made with regards to property with a false name.
2. When the owner of the property is unaware about having any acquaintanceof the possession of the property.

3. When the person is untraceable or made-up – and the identity is unknown to all.

Offences

Offences are Non Cognisable and Non Bailable		
Offence	Crime	Imprisonment
Guilty of a benami trasaction	Upto fair 25% market value	1 year- 7 year
False Information	Upto fair 10% market value	6 months-5 years



Demonetisation

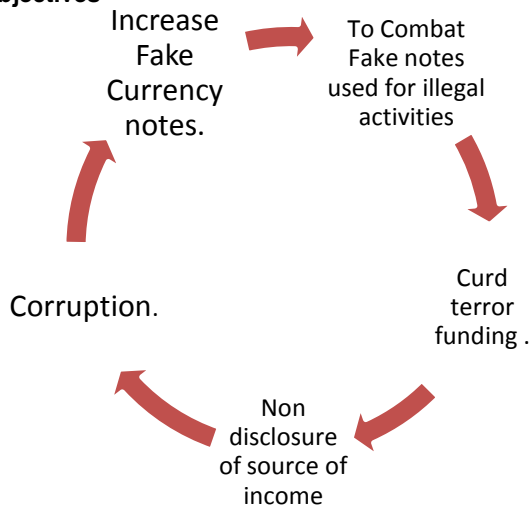
Demonetization is an action of shedding a currency of its status as legal tender. It mostly occurs whenever there is a change of national currency: also when a country replaces the old currency with the new one. The opposite of demonetization is remonetization,. It can either help in alleviating the existing problems in the economy, or it can cause confusion in an economy, that is totally dependent on various reason.



Highlights

1. Demonetization is an act of interfering into the economy by the government.
2. Demonetization can cause confusion among the people in the economy if it goes in a wrong way.
3. It can be used as a method to fight inflation and black money.

Objectives



Inflation

Short Term Impact

Inflation declines due to small demand due to fluidity crisis.

Long Term Impact

Due to lower demand can have a strong effect on inflation, prices may remain constant or it can witness a significant plummet.

G-SEC yields

Short Term Impact

It falls as fluidity in the banking system and the interest rates gets pulled down.

Long Term Impact

It remains positive depending on inflation and the fiscal policies.

GDP Growth

Short Term Impact

To be harmfully impacted by 0.5-1% due to drop in the consumption.

Long Term Impact

GDP is likely to get an enhancement.

Interest rates

Short Term

Interest rates can be pulled down.

Long Term

It encourages official banking.

Goods and Services Tax (GST)

India is projected to play an important role in the world economy. One of the policies that is expected to stimulate India's economic growth is the Goods and Services Tax (GST).



It is the biggest indirect tax reform of India. GST will incorporate many other laws like-

1. Central Excise Law
2. Service Tax Law,
3. State VATs,
4. Entry Tax
5. Luxury Taxes

As a result of this new law there will be only single tax i.e. GST. GST is predicted to bring together economies and ameliorate overall economic growth of the India. It has replaced all indirect taxes that are imposed on goods and services by the government. It

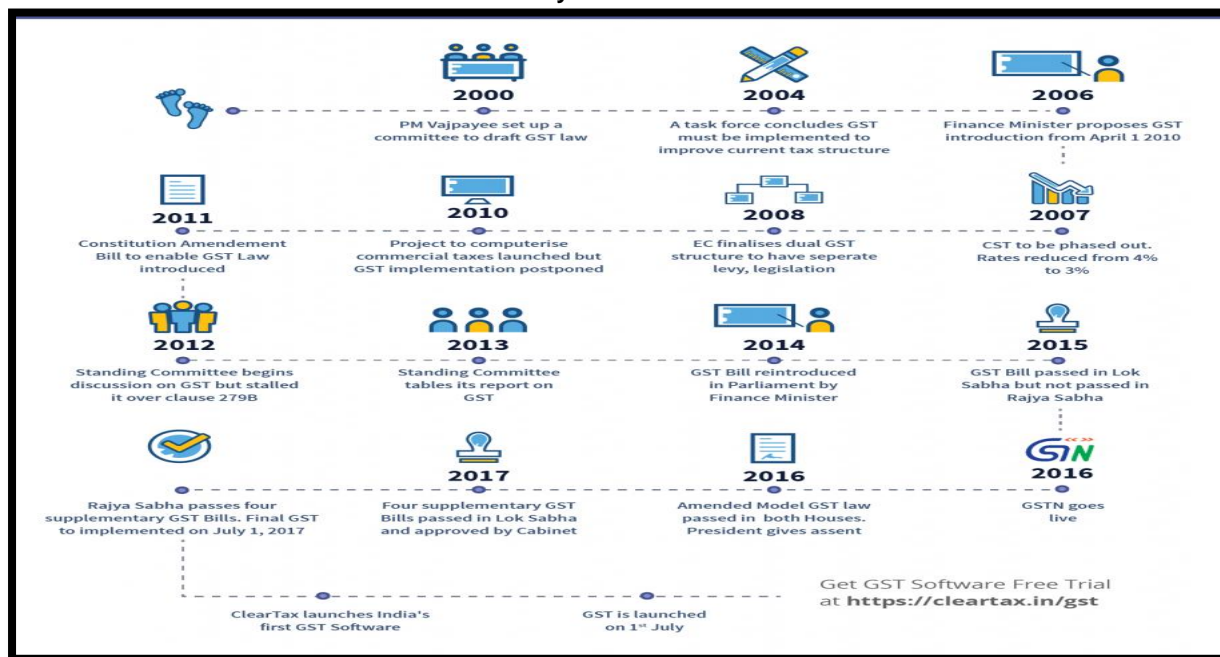
is one of the major reform that took place to augment the Indian Economy. Thus, GST had brought a uniformity in the nation.

Benefits of GST	
To Industry and Trade	To Consumer
Reduction in multiplicity of taxes	Simpler Tax system
Mitigation of cascading/ double taxation	Transparency in taxation system
Neutralization of taxes for exports	employment opportunities
Development of common national market	Uniform prices
Simpler tax regime	Boost export and manufacturing activity
Fewer rates and exemptions	poverty eradication
To Economy	To Government
increase revenues	Ease of administration
remove multiple point taxation	Increased tax compliance
boost the GDP of the country	Increase in investment in India
GST to bring down inflation by roughly 2%	Boost "Make in India" campaign

Advantages of GST



Journey of GST in India



Make In India



Make in India is a major policy that has been formed to facilitate and boost investment, foster innovation, enhance skills of the people.

Making India an easy place to do business. Why?

1. attract investments from across the globe and

SECTORS FOR STRATEGIC IMPORTANCE	SECTORS FOR BASIC INPUTS
<i>Defence Equipment</i>	<i>Steel</i>
<i>Aerospace</i>	<i>Mineral exploration</i>
<i>Ship building</i>	<i>Fertilizers</i>
<i>Capital goods</i>	<i>Cement</i>
SECTORS FOR VALUE ADDITION	SECTORS FOR EMPLOYMENT
<i>Electronics</i>	<i>Textiles</i>
<i>Drugs</i>	<i>Food</i>
<i>Chemical</i>	<i>Leather</i>
<i>Paper</i>	<i>Gems and jewellery</i>

Drawbacks

1. Under Make in India campaign, it mainly focuses on manufacturing sector. Which has created a negative impact on the other respective fields.
2. Setting up various industries that is the main aim of the scheme, it requires natural resources on a huge scale. So it can cause depletion in the natural resources.
3. Interference of establishments from other countries can affect the local small businesses. And their morals will be negatively impacted.

Some Other Salient Policies Include

1. Atal Pension Yojana (APY)
2. Stand up India
3. Start Up India
4. Pradhan Mantri Mudra Yojana
5. Digital India Mission

Niti Aayog- The Think Tank of India

the Government of India decided to set up NITI Aayog (National Institution for Transforming India) which is also known as the think tank of India.

The formation NITI Aayog was made keeping in mind a lot of things, including members like Chief Ministers, Experts, Economists & general public through MyGov. The main objective is to make economic policies or reframe the existing ones and sustainable development of the economy.



2. strengthen India's manufacturing sector.
3. Exploring the Indian skill base.
4. employment opportunities
5. improve India's rank on the Ease of Doing Business index
6. create 100 million new jobs by 2022
7. sustainable growth
8. protect Intellectual property

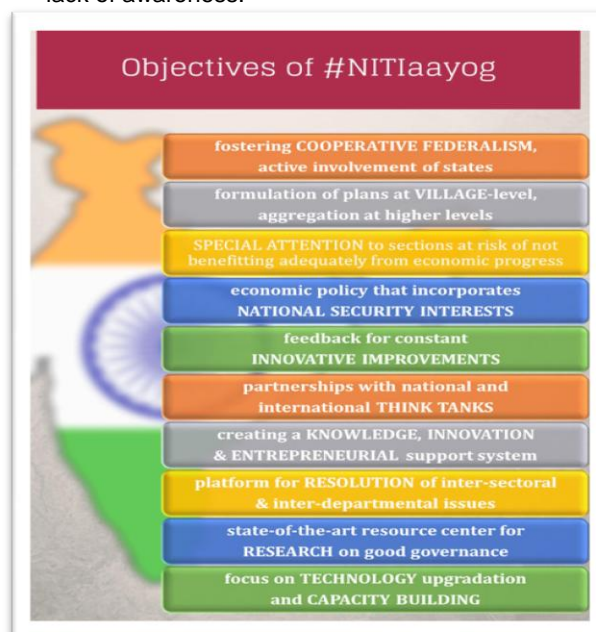
It is controlled by the Ministry of Commerce and Industry, Government of India.

The focus of Make in India programme is on 25 sectors.

The logo of 'Make in India' -is a lion - that reflects national development.

Functions of Niti Aayog

1. Designing various policies and acts that have direct impact on the economy.
2. Intensive care and evaluation of the policies that are made by them.
3. Acts as a knowledge hub for the people that have lack of awareness.



Conclusion

Economic indicators and methods have felicitated an upward and positive impact on the economy so far in the span of 5 years. And it is predicted to show an upward trend in the new future as well. Out of all the policies and reforms the goods and services tax still remains one of the most salient accomplishments of the government. Therefore, Over the last five years from 2014 to 2019, the India economy has improved and now is going through one of the best phases of economic growth combined with the some stability in the market. Even after 75 years of independence, India is still young. The boost is surely yet to come in the future. India's population has always craved for rapid transformation of the economy and higher job prospects. Therefore, a decent base has been laid underneath, within the 6 years of the NDA government.

The impact of this campaign will be felt both domestically and internationally. The development of the manufacturing sector will create employment opportunities for the youth of the country, alleviate poverty, attract investments, create value for Indian goods and fix the rising trade deficit.

Internationally, it will improve India's standing in the world and investors will look at India not merely as a market but as an opportunity. The interaction between domestic and international firms will, inevitably, help transform domestic firms into MNCs. The impact of this campaign will be felt both domestically and internationally. The development of the manufacturing sector will create employment opportunities for the youth of the country, alleviate poverty, attract investments, create value for Indian goods and fix the rising trade deficit.

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