

SOCIO-ECONOMIC CHANGES DURING 12TH FIVE YEAR PLAN (2012-17): INDIA'S INTEGRATION INTO THE GLOBAL ECONOMY

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ABSTRACT

Indian economy during Twelfth five year Plan was characterized by strong macro fundamentals and good performance over the Eleventh Plan period, with continuing concern about inflation and a sudden increase in uncertainty about the global economy.

The objective of the Eleventh Plan was faster and inclusive growth and the initiatives taken in the Eleventh Plan period have resulted in substantial progress towards both objectives. Inevitably, there have been some weaknesses that need to be addressed and new challenges that need to be faced (Planning Commission approach paper- Oct'2011). Some of the challenges themselves emanate from the economy's transition to a higher and more inclusive growth path, the structural changes that come with it and the expectations it generates. There are external challenges also arising from the fact that the global economic environment is much less favorable than it was at the start of the Eleventh Plan. These challenges call for renewed efforts on multiple fronts, learning from the experience gained, and keeping in mind global developments. Thus the current research paper aims to analyses the India's Integration into the Global Economy during the 12th five year plan. It's found that India had been able to register considerable presence in terms of global integration during 12th five year plan and there has been a remarkable growth in term of trade to GDP ratio and FDI.

INTRODUCTION

The Eleventh Five Year Plan (2007-08 to 2011-12) had aimed at achieving faster and more inclusive growth. Rapid GDP growth, targeted at 9.0 per cent per annum, was regarded necessary for two reasons: first, to generate the income and employment opportunities that were needed for improving living standards for the bulk of the population; and second, to generate the resources needed for financing social sector programmes, aimed at reducing poverty and enabling inclusiveness.

The economy has performed well on the growth front, averaging 8.2 per cent in the first four years. Growth in 2011-12, the final year of the Eleventh Plan was originally projected at around 9.0 per cent continuing the strong rebound from the crisis, which saw an 8.5 per cent growth in 2010-11.

OBJECTIVE

- To understand the impact of reforms of 12th fifth year plan on Indian economy.

- To apprehend the impact of such reforms with the global trade.
- To apprise the integration of the impact of such reforms with global trade environment.

LITERATURE REVIEW

The Indian economy on the eve of the Twelfth Plan is characterized by strong macro fundamentals and good performance over the Eleventh Plan period, though clouded by some slowdown in growth in the current year with continuing concern about inflation and a sudden increase in uncertainty about the global economy. (**Approach paper, Planning Commission, 2011**). As per confederation of Indian industries (CII) environment for growth is conducive primarily in service and IT sector (**Policy Watch, CII, 2016**).

Aiyar, et, al., (2007) explained that Empowerment through Self-help Groups will be the key to success in subsequent five year plans in India. While economic reforms by national governments in developing countries have transformed development practice dramatically, the elements of these changes have been little studied. Moreover, scholarship on economic liberalization has disproportionately chosen the urban development. **Alkire, et. al., (2015)** analyzed the change in multidimensional poverty in India between 1999 and 2006. Strong reduction in national poverty and each of its dimensions was found, but this has not been uniform across regions, castes, or religions. Probing further, changes in the distribution among the poor people nationally as well as within population subgroups is found. Strong reductions among the poorer population nationally, but slower progress for most of the poorest groups is found in India after all the relevant efforts of planning commission. **Alkire, et.al. (2013)** explained the targeting method to identify BPL households in India and by identifying Social research indicators. Poverty elevation is the major aim of the 12th and thirteenth five year plans but still lot more is required in terms of education, health and nutrition for the holistic development.

Dagar, et.al.,(2014) describes that – Agroforestry Systems in India for livelihood and security has grown to the considerable extent impacting the living standards of the rural households towards prosperity as a result of government initiatives in policy and planning. **Coale, et.al.,(2015)** described in their book that Population growth and economic development should go together to make a prosperous society, all the steps related to planning and administration must be taken for providing sufficient opportunity of growth, education and security for economic wellbeing. **Karan (2014)**, analyzed the impact of planning for universal coverage? Trends in the burden of out-of-pocket payments for health care across social groups in India. Health care is one of the most significant indicators for the Indian economy to grow and therefore must be given top priority in all five year plans, as a healthy nation may become a wealthy nation. **Das, (2012)** analyzed the Implementation of social security schemes in Odisha and found that social security is the most critical parameters for the economy to grow with global integration. **Dasgupta, et.al., (2013)** did the socio-economic analysis of climate change and it's impacts on food grain production in Indian states, it is concluded that all the policy making must ensure that climate change is taking place and uncertain monsoon may result into imbalance of growth across different sates in India, therefore means must be developed and provided in the situation of contingency to the respective states. **Arrow, et.al.,(2014)** described some perspectives on linked ecosystems and socioeconomic systems, it's found that sound planning having provisions of good food, water, shelter and education should be given utmost importance while planning for long term in any economy. Shukla,(2015) explained that fundamental reengineering is necessary for endurance in competitive market like India for the startups and established organizations in insurance and financial service sector as well. Shukla,(2017) in his study about the Pradhan Mantri Jeevan Jyoti Bima Yojana–Advocating Penetration in Indian Life Insurance Industry explored that for ensuring the financial protection of low income group households

would encourage them to join any startup for the sake of employment and economic growth.

RESEARCH METHODOLOGY

Secondary data is collected from the annual reports of economic survey, reports of CII and planning commission about the four major indicators of global trade integration as- Trade GDP ratio, FDP inflow, FDP out flow and ease of doing business in India of previous years. Data is analyzed using trend and bar diagrams to understand the impact during the period of 12th five year plan.

SCOPE OF THE STUDY AND LIMITATIONS

Scope of the study is limited to understand the global integration of India and the situation in the equivalent economy like- China and Brazil. Scope is limited to understand the impact on global trade integration. Access to the available data has been the major limitations, data available in public domain is used for the study.

MAJOR INITIATIVES FOR SOCIO ECONOMIC DEVELOPEMENT

Major Initiatives continued in 12 five year plan as well are as following-

Sl. No.	Programme	Ministry/ Department
1	MGNREGA	Rural Development
2	Indira Awas Yojana (IAY)	Rural Development
3	National Social Assistance Programme (NSAP)	Rural Development
4	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Rural Development
5	NRHM	Health & Family Welfare
6	ICDS	Women & Child Development
7	Mid Day Meal (MDM)	School Education & Literacy
8	Sarva Siksha Abhiyan (SSA)	School Education & Literacy
9	JNNURM	Urban Development
10	Accelerated Irrigation Benefit Programme (AIBP) and Other water resources programme	Water Resources
11	Rajiv Gandhi Gramin Viduyati Karan Yojana (RGGVY)	Power

Source: Economic Survey and reports, 2016

More initiative taken by Union government for the inclusive growth are-

- Ek Bharat Shreshtha Bharat
- Beti Bachao Beti Padhao
- Mudra mission
- Skill Development scheme
- Digital India
- Smart Cities mission

- Accessible India Campaign (Sugamya Bharat Abhiyan)
- Nationwide registration of organ donors.
- Pradhan mantra Jan Dhan Yojna
- Make in India

Digital India, make in India, Smart city and skill development have made India as an attractive destination for investment of MNC's for global integration and all rounded growth.

Sectoral Growth Rates - Previous Plans and Target for Twelfth Plan

		IXth Plan	Xth Plan	XIth Plan	XII th Plan	
					9.0%Target	9.5%Target
1	Agriculture, Forestry & Fishing	2.5	2.3	3.2*	4.0	4.2
2	Mining & Quarrying	4.0	6.0	4.7	8.0	8.5
3	Manufacturing	3.3	9.3	7.7	9.8	11.5
4	Elect. Gas & Water Supply	4.8	6.8	6.4	8.5	9.0
5	Construction	7.1	11.8	7.8	10.0	11.0
	6. Trade, Hotels & Restaurant	7.5	9.6	7.0		
	7. Transport, Storage & Communication	8.9	13.8	12.5		
6-7	Trade, Hotels etc. + Transport, Communication, Storage	8.0	11.2	9.9	11.0	11.2
8	Financing, Insurance, Real Estate & Business services	8.0	9.9	10.7	10.0	10.5
9	Community, Social & Personal services	7.7	5.3	9.4	8.0	8.0

Total GDP	5.5	7.8	8.2	9.0	9.5
Industry	4.3	9.4	7.4	9.6	10.9
Services	7.9	9.3	10.0	10.0	10.0

Source: Economic Survey and reports 2016.

INDIA'S INTEGRATION INTO THE GLOBAL ECONOMY

As an impact of the above initiatives, India has marked its presence as one of the fastest growing economies of the world. As per the IMF forecast, the Indian economy is projected to grow at 7.5 per cent for fiscal year 2016-17. It has emerged as the fourth largest economy globally with a high growth rate and also improved its global ranking in terms of per capita income. (Policy Watch CII, September 2016, Volume 5,)

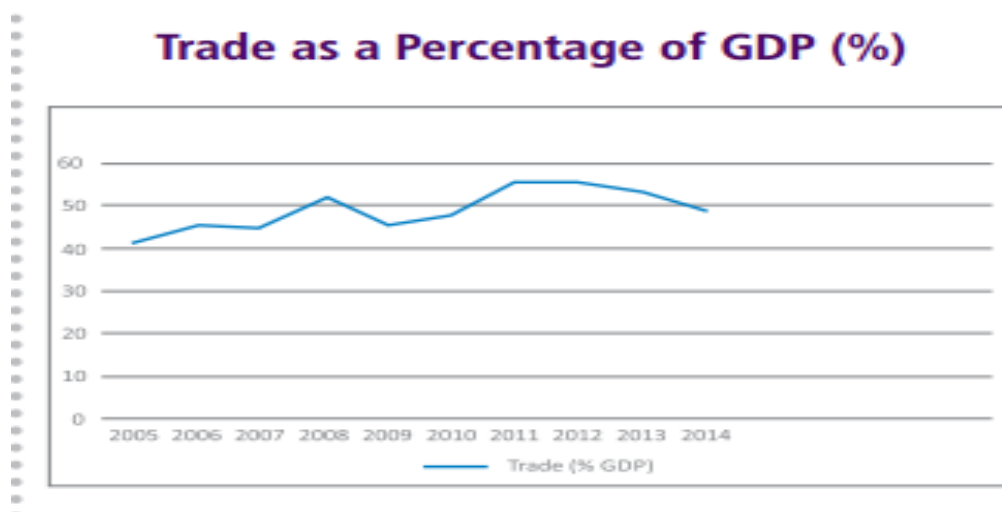
The emerging economies including countries like India, China and Brazil has evolved from being policy takers to policy makers. This development has brought the emerging economies to the forefront where they actively participate in

the trade negotiations and global economic governance.

Over the years, India has given a new direction to its economic and political diplomacy. It has negotiated comprehensive free trade agreements with some of the important economies, of the world which include Japan, Korea and ASEAN. Currently, India is negotiating comprehensive trade agreements with EU, Australia, Canada and New Zealand.

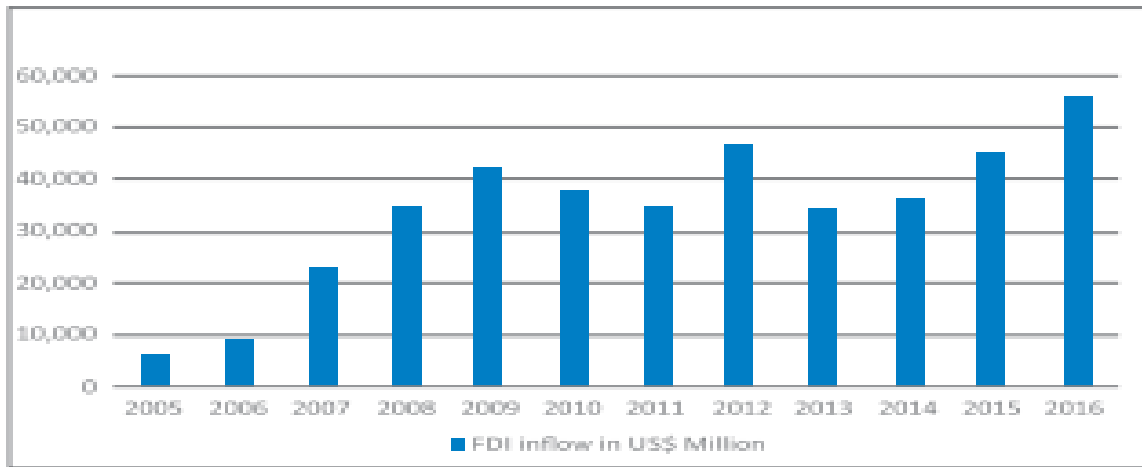
INDIA'S INTEGRATION WITH WORLD ECONOMY: MAJOR INDICATORS

Major indicators to identify the global integration are- trade as percentage of GDP, FDI inflow/out flow and ease of doing business. The details of these factors are as following.



Source: Economic Survey and reports
Considerable growth is there in trade as a percentage of GDP.

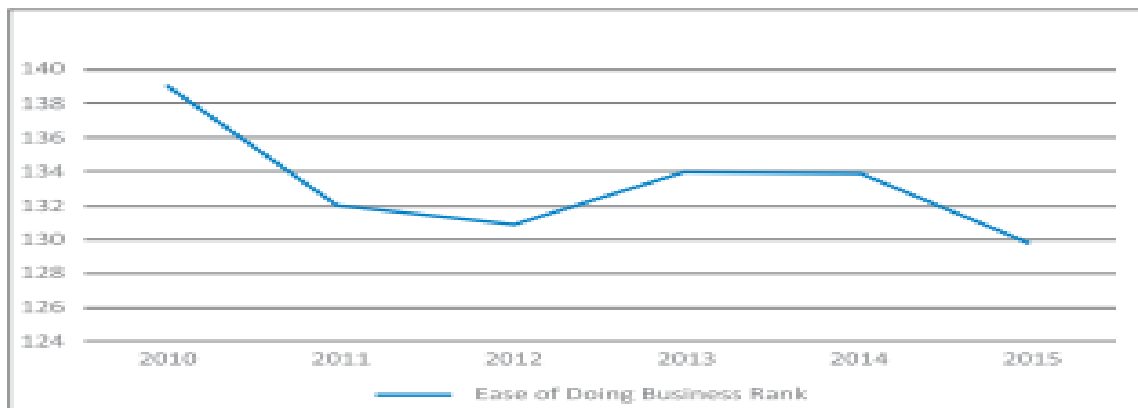
Financial Year-wise FDI Inflow (US\$ Million)



Source: Economic Survey, Various issues; Union Budget, RBI Monthly Bulletin, Annual Report & Weekly Statistical Supplement; Ministry of Finance

Considerable growth is there in year wise FDI inflow to boost the economy after make in India initiative.

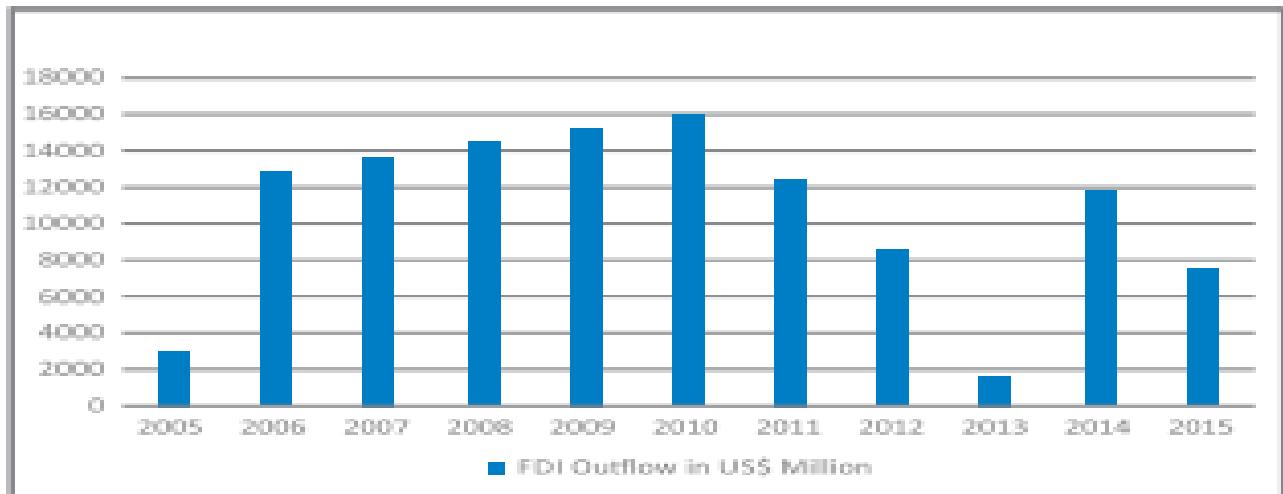
Ease Of Doing Business in India



Source: World Bank Group Databank

Considerable growth is there in year wise FDI inflow to boost the economy after make in India, Skill India and digital India initiative.

Financial Year-wise FDI Outflow (US\$ Million)



Source: Economic Survey, Various Issues; Union Budget, RBI Monthly Bulletin, Annual Report & Weekly Statistical Supplement; Ministry of Finance

RECOMMENDATIONS

India needs to address some critical issues like trade infrastructure, export financing and Standards with an aim to make exports globally competitive. Building productive capacities, market linkages and enhancing investment attractiveness in selected sectors, particularly export-oriented investments, will have a strong impact on the export capacity of Indian business. Necessary reforms must be identified, both sector specific as well as cross-cutting reforms for all sectors, which will help make Indian exports competitive

Building a production value chain is very important. Global Value Chains (GVCs) are important drivers of both trade and investment. More than 50 per cent of global trade is currently happening within GVCs. India has low participation in GVCs despite the fact that it has improved its exports to GDP ratio. GVC would enhance the functioning and productivity of MSME sector which is the backbone of Indian economy.

CONCLUSION

Government and industry together, therefore, need to seriously think and discuss the whole dimension of value chain. This would require initiating several policy measures such as import duty structure across the entire value chain, improving trade infrastructure and upgrading the existing standards for goods and services. Initiatives under 12th plan like MANREGA, Make in India, Digital India, Skilled India smart cities clubbed with the long term impact of demonetization and GST would set the foundation of shining India with inclusive growth.

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