Amity Management Analyst

Publisher, Printer and Editor Prof (Dr) R C Sharma on behalf of Amity Business School, Amity Education Valley, Panchgaon, Manesar (Gurgaon). Printed at Rakmo Press Pvt Ltd, C-59, Okhla Industrial Area, Phase – I, New Delhi-110 020 and published from Amity Education Valley Panchgaon, Manesar (Gurugram)

Amity Management Analyst

Vol. IX No. I Jan-June, 2019

(Bi-annual Refereed Journal of the Amity Business School, Amity University Gurugram)

From the Desk of Editor-in-Chief

Dreaming big is good but converting dreams into reality needs a lot of prudence, sincere endeavors, effective management of resources, overcoming obstacles and keeping patience. An example of ensuring that their dreams come true is that of China and Korea - the only two countries in the world who could double their per capita income in just five years. Despite a deceleration in economic growth for two consecutive years i.e. from 8.2% in 2016-17 to 7.2% in 2017-18 and 6.8% in 2018-19, coupled with rising unemployment at a time when global economy is already mired in which is perhaps a nascent trade war, Modi government is likely to see Indian economy to be in the top most economies across the globe in its second term of rule. In order to realize this dream, the country needs a growth model built around investment and export, creating an environment that is conducive to attract both private and foreign investment. Domestic savings too are also vital for achieving a high rate of growth. Political stability, efficient judiciary and favorable demographic phase are some other vital pre-requisites. Post general elections, ruling party with a comfortable majority, the political stability can be well assumed. So far as efficient judiciary is concerned, the same is already there. Some of the rulings and judgments delivered in the recent past speak for the fact. The country has already entered a reasonably high share of working age population and is likely to have this privilege during the next two to three decades. It is basically the problem of attracting investments that needs to be addressed appropriately. Reviving investment cycle is therefore, a must for achieving a high rate of economic growth. The government should therefore, ensure availability of easy and cheap credit, lower corporate tax, labor reforms, rationalization of duties and tax structures, regular availability of power and energy at lower rates, protective and promotion of startups and looking into and solving their problems, skill promotion, and the like.

So far as public investment for reviving investment cycle is concerned, though it is easier but certain limitations are there. It is therefore, very important to draw foreign investment to Indian large markets, which needs policies and rules conducive to tempt foreign investment.

Another important step to be taken into this direction is encouraging domestic savings which have been consistently showing a decreasing trend in the last few years. For investment to be financed, domestic savings must rise in tandem because it is savings that lead to capital formation, increasing of production, generation of employment, and rise in income resulting into greater demand of goods and services and subsequent increase in prices and additional profits to entrepreneurs as a result of which further investment keeps on taking place. The cycle goes on in this fashion. The multiplier effect of Keynesian theory comes into motion. The government should therefore, formulate such policies as may encourage spurt into propensity to save.

Coming to exports which, in addition to savings, are the other driver of demand, should grow in double digits. Since supply chains are moving out of China in anticipation of a protracted trade war and are looking for alternative destinations, India should take advantage of it.

It is expected that the government will take the economy to greater heights and take the aforesaid steps to realize its dreams.

Prof (Dr) R C Sharma

Editor-in-Chief

Amity Management Analyst

Contents