ABSTRACT

Economic Development has involved with several strategic processes to stand apart from the rest of the nation to keep its stakeholders with a help of happiness, secured life and decent living. Although numerous barriers and bottlenecks prevail, every economies continuously strive to grow and sustain in the growing global competition. In this regard, strategic planning is developed considering various factors within and across the globe that affect the development progress of a country. Indian, has evolved several plans with a long term vision, objective and a mission to witness its progress. But still it was not able to reach the desired destination due to thronging problems and threats that it faces internally and externally. Capital inadequacy, misappropriation of available resources had lead several consequences to the economic development progress. For quite long time from its independence it never made attempt to synchronize with global economic premises and most failed to integrate with internal economies. Unemployment rate, poverty, corruption and bribe is growing in parallel with and increasing at a faster rate which is being felt one of the hardest challenge for India to win in all its planning. This article is an attempt to enlight some of the key issues and planning process evolved by Governments in India.

KEYWORDS

INTRODUCTION

Human wants are unlimited and productive resources such as land and other Natural Resources, Raw Materials, Capital, Equipments, etc., with which goods and services are produced to satisfy those wants are scarce. The problem of scarcity of resources is felt not only by individuals but also by the society as a whole. This gives rise to the problem of how to use scarce resources to attain maximum satisfaction. In general, scarce resources are the main barriers for any economy to develop, be it capitalist, socialist or mixed. There is a lot of scope for analysis of the hurdles that paralyze economic development and to formulate relevant strategies to triumph over those barriers and bottlenecks, based on the various researches done by eminent economists of the globe.

ECONOMICS

It may be relevant to quote the definition of Economics as given by some earlier economists.

Adam Smith: “Economics is an inquiry into the nature and cause of the wealth of the nations.”

J. B. Say: “Economics is a science which deals with wealth.”

These definitions infer economics as science of wealth.

An important problem faced by each and every nation of the world is creation of wealth. The problems of poverty, unemployment, etc. can be solved to a greater extent when wealth is produced and distributed equitably. When we refer to wealth, we mean both material and immaterial wealth. Obviously, the material things like food, clothing and shelter are very important economic objectives. Economics considers singers, teachers, actors, and consultancy service providers and so on as immaterial things.

The central economic problems are – What to produce, how to produce, for whom to produce and what provisions to be made for economic development. Every society has to decide which goods are to be produced and in what quantities. In other words, it is to be decided what goods such as capital machinery, equipments and similar infrastructural goods are to be produced besides production of consumer goods including agricultural products. Labour intensive and capital-intensive techniques are used in producing a commodity. It is in the society’s interest to use those techniques of production that make best use of the available resources. Production planning of the national level mainly considers the shares of different people to get the goods and services, since it is not possible to satisfy all wants of all the people. For economic growth the scarce resources are to be preserved for future and should not use them for current consumption only.
Successful integration into the world economy requires a complementary set of policies and institutions at home. Policy makers must reinforce their external strategy of liberalization with an internal strategy that gives the state substantial responsibility in building physical and human capital and mediating social conflicts. Developed countries United States, United Kingdom, France and Germany enjoy a stable growth rate of economy. India and other developing countries like Sri Lanka, Pakistan and Bangladesh have their own limitations. However, India is far superior to other developing countries. China’s growth in spite of its population constraints is steady and consistent. Planning is apparently the secret of its success.

**PLANNING**

Economic planning is a continuous process for achieving higher rate of growth using valuable resources. The Planning Commission of India has defined planning as the technical co-ordination by disinterested experts of consumption, production, investment, trade and income distribution in accordance with social objectives set by bodies, representatives of the nation.

High rate of economic growth, full employment, self-reliance, up gradation of technology, raising investment, income ratio, etc. are the goals set by the planning commission of India. After the country became free, there has been a growing awareness about the integration of social and economic strategies for development. Though the first five-year plan (1951 – 1956) was successful and the achievements exceeded the targets in many aspects namely:

- National income increased.
- Food production increased.
- Inflation level came down drastically.
- An optimistic atmosphere was created.

The subsequent plans were not commendable. The third plan failed due to two wars, one with China in 1962 and Pakistan in 1965 and then suspension of foreign aid resulted in problem of increased balance payments. The increase in government defense expenditure due to the Chinese aggression and conflict with Pakistan affected the development programmes adversely. During this plan period the government in the center had to raise its defense expenditure. The subsequent five-year plans were evolved with significant targets to achieve the best in the economic sphere. Even during the third plan period, unforeseen circumstances like wars necessitated suspension of long term planning and annual plans were introduced.
### TABLE No. 1 – Planning Periods And Main Targets And Objective

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Plan Period</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1951-1956</td>
<td>Increasing agricultural efficiency. Increasing the living standards of the people</td>
</tr>
<tr>
<td>2.</td>
<td>1956-1961</td>
<td>To create a solid base for rapid industrialization, laying emphasis on the development of heavy industries like iron and steel and heavy chemicals.</td>
</tr>
<tr>
<td>3.</td>
<td>1961-1966</td>
<td>To achieve a self-reliant and self-generating economy, To establish a socialistic pattern of society, To improve and increase exports, To reduce the dependence on external sector, To improve human resources by adopting the technical and scientific education.</td>
</tr>
<tr>
<td>4.</td>
<td>1969-1974</td>
<td>Emphasis on weaker section so that the fruits of planning reach the less privileged and weaker sections of the community.</td>
</tr>
<tr>
<td>5.</td>
<td>1974-1979</td>
<td>To achieve the aim of “Garibi Hatao” or reduction of poverty. Minimum needs programme (MNP) Provisions of sources of potable water to every village, Provision of house sites for the landless labourers, Electrification of villages and provision of elementary education to village children.</td>
</tr>
<tr>
<td>7.</td>
<td>1985-1990</td>
<td>Increase in food grains and employment opportunities, generation of productive employment and industrial development.</td>
</tr>
<tr>
<td>8.</td>
<td>1992-1997</td>
<td>Full employment by the year 2000 and to create 100 million jobs, control population growth through incentives, wipe out illiteracy among the age group of 15-35 years.</td>
</tr>
<tr>
<td>9.</td>
<td>1997-2002</td>
<td>Speed up growth rate with price stability, priority to agricultural and rural development, empowering women and minorities. To promote people’s participation through Panchayat Raj, co-operatives and self help groups, etc..</td>
</tr>
<tr>
<td>10.</td>
<td>2002-2007</td>
<td>(This is the first plan in the new millennium) Achieve an average growth rate of 8% per annum, Double the per capita income over the period of 10 years, Create 10 million employment opportunities every year, Reduce poverty rate by 5%, Universal elementary education and increase literacy rate to 75% Reduction in the population growth rate to 16.2% between 2001 and 2011.</td>
</tr>
</tbody>
</table>

In 1978, Janata government introduced the concept of rolling plan to do away the rigidities of the Five year plans. In the rolling plan every year 3 new plans are made - plan for current year, plan for 3,4 or 5 years and a perspective plan for 10,15,20 years.
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with broader goals and future development. Countries like Japan and Poland adopt this type of planning.

The objectives proposed for the past 10 five year plans indicate the acceptance of the need for planning. The plans are drawn and adopted by a central planning authority (National Development council). In spite of various such plans, the economic condition of the country remains backward. It therefore becomes necessary to study in detail the strategies to overcome the barriers in economic development.

“Strategic Planning takes into consideration the actionable elements of the operation, incorporating the potential and possibilities developed through strategic thinking. It is a much more analytical conventional and formal process”. This definition finds place in the book “Successful Entrepreneurial Management” authored by John Butler.

Every country, big or small is ambitious to become an economic super power. Indian economy has thrived hard for improving its pace of development. Of course, during the past few years, the cities in India have undergone tremendous infrastructure upgradation, but the situation in rural India leaves something to be desired. There are many bottlenecks that jeopardize a Country’s economic development, especially such barriers in India and many other countries of the Globe include:

- Infrastructure limitations.
- Standard of Education.
- Population explosion (Relevant to India).
- Agricultural, Industrial and Service sectors.
- Delay in implementation of schemes and projects – various factors such as Political instability, corruption, etc..
- Information technology underutilized in India due to youth grace to Foreign employment, absence or deterioration of patriotism.
- Poverty – causes.
- General managerial deficiencies say, lack of confidence and absence of analytical mind, negative attitude in case of certain managerial cadres.
- Equal status in governance to literate women inadequate and
- Threat of terrorism

These are among main barriers that call for a detailed study and strategic planning to triumph over in economic development with special reference to Indian conditions.

It is pertinent to look into the enlisted barriers here:

INFRASTRUCTURE

In India, a macro economic theme that will remain a policy priority for years to come is infrastructure development.
The country lacks in providing basic services such as health care, education, safe drinking water and infrastructure like energy, transportation, communication, municipal services to the majority of people living in outskirts and rural areas. Infrastructure plays an important role in the economic development of a country.

1. **Energy**

Energy is a vital input for most of the productive activities. In India, still half of the population uses non-commercial sources of energy from fuel wood, animal dung, biogas, crop residue, etc. Strategic planning to augment production of commercial energy derived from coal, petroleum, water, sun and wind will narrow down the gap between the demand and supply.

Over the planning period, demand for commercial fuels has increased at a modest rate of 5.5 percent per annum, yet the country has not been able to meet it from domestic sources. The demand – supply imbalance has become a matter of grave concern. For instance, the demand for coal was 338 million tones in 2005-06, available coal was 316.66 million tones, and thus there was a gap of 21.34 million tones in the supply of coal from domestic sources. Non-availability of the desired level of coal has resulted in generation loss of 1512 million units during 2004-05 and hampered the growth of thermal generation. Similarly, demand for gas is outstripping supply and power stations.

Since 1973, Oil prices have been rising in the international market. During the period 1973-2006, the organization of Petroleum Exporting Countries (OPEC) has increased the prices more than four times. This has contributed to the inflationary pressure in India and rising oil prices has led to rising general prices.

India’s oil import bill was a Rs.1100 crores in 1973-74. It increased to Rs.10,816 crores in 1990-91. The highest ever in the oil import bill was during 2005-2006 namely Rs.1,94,640 crores. Petroleum, Oil and lubricants constitute around one-third of India’s import bill.

The major problems faced by the power companies are transmission and distribution losses. These losses include substantial amount of theft of power. It is alleged that most of the thermal power plants are operating at lower efficiency level.

Inadequate electrification is another problem faced by rural areas. Nearly 14 percent of Indian villages are not electrified. In many villages, there are a very few houses which are lighted.

**Strategy for Improvement**

- Improved investment in power sector and fixing of power tariffs on the basis of competition, efficiency, economical use of resources as envisaged in the Electricity Act 2003 and Electricity Amendment bill 2005 are yet a far cry and require
immediate steps to be taken in the right direction for improving production of power.

To improve generation of power in 26 thermal stations with plant, the ministry of power has identified load factor with less than 60%. Those thermal stations are vital and their efficiency should be improved.

The existing electricity generating capacity of the power plants may be reviewed for increase.

Hydel and wind energy sources do not rely on fossil fuels and avoid carbon emissions. These sources may therefore be encouraged.

All India Power grid (National grid) envisaged to be developed in 2012 should take gradual shape and the idea should become true. This will increase the inter-regional transmission capacity to about 37,150MW.

2. TRANSPORTATION

Railways, Roadways, Waterways and Airways constitute the transport system of any economy. Considering the size of India, the present available facilities are inadequate and need drastic enhancement and improvement.

a. RAILWAYS

Indian railways, Asia’s largest and world’s second largest rail network under a single management has been contributing to the industrial and economic landscape for over 150 years. The total route length of railways is almost 65,000 kilometers out of which about 18000 kilometers are electrified. However, railways face the following problems:

i. The existing technology of both electric and diesel locomotive is very old.
ii. The railway network is smaller and inadequate considering the requirements of the economy.
iii. Railways suffer from over crowding and poor passenger services.

To overcome these barriers, the following action plan may be relevant.

- Improve resource management.
- Rational price policy.
- Increased wagon load.
- Faster turn around time.
- Public – private partnerships,
- Double line freight corridor for efficient freight movements,
- Cost control.

b. ROADWAYS

The Indian Road network is one of the largest networks in the world. At the beginning of the first five year plan, India had 1,57,000 kms of surfaced roads and about 2,43,000 kms
of unsurfaced road. Today India has a road network of 3.34 million kilometers. The national highways which comprise only about 2% of total length of roads now encompass a road length of 66,590 kms and carry more than 40% of the total road traffic. The rural road network connects around 65% of all weather roads.

Roads occupy a crucial position in the transportation matrix of India as they carry nearly 65% of freight and 85% of passenger traffic. In the case of road transportation following problems are faced:

- The road length is inadequate considering the size of the country.
- A number of areas, particularly interior areas and hilly tracts remain to be linked with roads.
- Large tracts of rural roads are mud roads, which cannot be used for plying heavy traffic.
- A number of urban roads are also poorly maintained. This is due to constraints of financial resources, organizational inadequacies, procedural delays, shortage of essential materials, etc..
- Most of the state road transport corporations are running on heavy losses.

In order to overcome the above problems government has taken a number of steps. We may suggest the following for further development:

- Undertaking the national highways development project which involves developing Golden quadrilateral (Mumbai, Delhi, Chennai and Kolkata).
- North-south and East-West corridors.
- Port connectivity.
- Public private partnership in roads development.
- Rationalization of taxes.

c. WATERWAYS

India has long coastline of 7517 kms, 12 major ports and 187 minor ports and vast hinterland. India’s overseas shipping has improved over the planning period. The country has the largest merchant and shipping fleet among developing countries and ranks 17th in the world shipping tonnages. The 12 major ports carry about three fourth of the total traffic.

The main problem faced by Indian ports is low productivity. Major factors contributing to this are:

- Operational constraints such as frequent breakdown of cargo – handling equipment.
- Inadequate dredging and container handling facilities.
- Indian containers are costlier.

d. AIRWAYS
In the civil aviation sector, there are three parts namely Operational, Infrastructural and developmental. Airport authority of India manages 92 airports including 5 international airports at Delhi, Mumbai, Kolkata, Chennai and Thiruvananthapuram and 28 civil enclaves at the defense airports. Domestic and international cargo recorded a growth of 9% and 14% respectively. During April – December 2006, this growth is considered second highest in the world next to China.

Non-availability of seats has been one of the major constraints faced by international passengers. For this, the airline should acquire more aircrafts.

**COMMUNICATION**

Communication all over the world have progressed rapidly and the most important factor for this growth is telecommunication. Radio-paging, cellular mobile telephones, electronic mobile, voice mail, video conferencing are remarkable which have replaced the old means of communication such as telegram and telex. Though the progress amazes one, the fact remains that it has a long way to go yet.

For the development of industries, commerce and trade in the country communication is very necessary. Postal service and Telecommunications are the important means of communication.

India’s postal system dates back to 1837 and today its network is among the largest network in the world. We have more than 1.55 lakh of post offices and out of which around 1.4 lakh post offices are located in rural areas. Besides conventional postal services, logistics posts, Retail post services are other new services available in major post offices. Gradually the post offices are being computerized.

Communications all over the world has progressed rapidly and the most important factor accounting for increased communication has been the development of telecommunications. The growth of telecommunications has gained momentum after independence and the number of telephone connections has crossed 250 million. In the rural areas more than 2 lakh public call offices and 14.18 million phones have been provided.

Although India’s telephone network is one of the largest in the world, the telephone penetration rate continues to be low at about 16.8 phones per hundred population. A type of revolution has taken place in the field of telecommunication in recent years. There has been significant growth in the Internet connections.

While these excellent telecommunication devices are a boon, it appears as if the world has become small and distance is not a barrier.

One significant problem in these modern devices of communication is the wastage of time and energy that the present day youth make. Public manners have gone in the air and malpractices are indulged in by some classes of people.
HEALTH

The general health of Indian people is not satisfactory. There is lack of proper balanced and nutritious diet and medical care. Of course, many developments have taken place in the health front, but considering the size of population in India these are inadequate. Nearly one part of the population lives below the poverty line. These people do not have nutritional diet, adequate medical care and hygienic conditions. As a result the overall health conditions are poor in India. It is not that nothing has been done on the health front but they are far from satisfactory.

<table>
<thead>
<tr>
<th>Health Care System</th>
<th>1951</th>
<th>1981</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Centers</td>
<td>725</td>
<td>57,353</td>
<td>1,71,608</td>
</tr>
<tr>
<td>Dispensaries + Hospitals</td>
<td>9,209</td>
<td>23,555</td>
<td>27,770</td>
</tr>
<tr>
<td>Beds</td>
<td>1,17,198</td>
<td>5,69,495</td>
<td>9,14,543</td>
</tr>
<tr>
<td>Nursing Personnel</td>
<td>18,054</td>
<td>1,43,887</td>
<td>8,35,135</td>
</tr>
<tr>
<td>Doctors (Modern)</td>
<td>61,800</td>
<td>2,687,000</td>
<td>6,56,111</td>
</tr>
<tr>
<td>Malaria (Cases in Million)</td>
<td>75</td>
<td>2.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Leprosy (Cases / 10,000 Population)</td>
<td>38.1</td>
<td>57.3</td>
<td>0.85</td>
</tr>
<tr>
<td>Polio (Number of Cases)</td>
<td>29,709</td>
<td>225</td>
<td>57</td>
</tr>
</tbody>
</table>

Under the various plans health development programmes have been integrated with family welfare and nutritional programmes for vulnerable sections – children, pregnant women and nursing women. These programmes focused on increasing health services in rural areas.

There are certain weakness of Indian health care which need immediate attention. These relate to

- Unequal distribution of existing health institution and manpower.
- Mismatch between personnel and infrastructure.
- Lack of an appropriate referral system.

STANDARD OF EDUCATION

Education is an important ingredient in the development of economy. In India, education system is not very effective and has to be addressed with much more care to raise to the world class level. According to K.Rajivan, a World Bank development economist, based in India, managerial positions at International Financial Institutions (IFIS) such as the World Bank usually require a Ph.D or a Master’s degree from abroad. It is therefore absolutely necessary to upgrade the educational institutions to the extent that they impart education of high standard. Also, such super grade educational institutions should be more in number and affordable to all classes of people.
Education plays an important role in the overall development of a human being and a society. Under the various plans, education facilities have been expanded to all levels in India and as a result not only the literacy rate has risen but the standard of education also is gradually improving. The national policy on education (NPE) was made in 1986 and further modified in 1992.

It emphasizes three aspects in respect of education right from the elementary level namely:

i. Universal access and enrolment.
ii. A substantial improvement in the quality of education.
iii. Universal acceptance of Indian standards of education.

NPE had set a goal of expenditure on education at 6% of the GDP. As against this target, the actual expenditure of central and state governments was 3.49% of GDP in 2004-05. University and higher education is available to all categories of people. However, it suffers from several weaknesses such as increasing number of substandard institutions, falling academic standards, outdated curriculum and lack of adequate support for research.

Technical education including management education has expanded at a spectacular rate since independence. At present there are more than 1200 recognized technical education institutions at the first-degree level and 1215 polytechnics at the diploma level with more than two lakh students each. Number of institutions offering postgraduate course in about 150 with an annual capacity of 10000 students. There are seven national institutions or technology known as Indian Institute of Technology. These provide courses in Engineering and Technology. Besides these, there are 20 national institutes of technology consisting of 17 erstwhile Regional Engineering colleges taken over by the central government and a number of other centers for specialized courses such as architecture, mining and metallurgy, industrial engineering and forge and foundry. These include Indian Institute of science, Indian institute of science education and research, National institute of Industrial Engineering, Indian institute of foreign trade, National institute of Foundry and forge technology, Indian school of mines, school of planning and architecture and many more. There are six Indian institutes of management, which are centers of excellence in management education. Apart from these, there are other private and government institutes, which provide management education. There are quite a number of medical colleges imparting education in the area of medicines. All India Institute of Medical sciences, Delhi University college of Medical sciences, Postgraduate institute of medical education and research, Maharashtra University of Health science, Sanjay Gandhi postgraduate institute of medical science are reputed institutions of medical sciences.
For adult education, the national literacy mission was launched in 1998 as a technology mission. The total literacy campaign has been the principal strategy of the National Literacy Mission (NLM). NLM has accorded priority for the promotion of female literacy. The scheme of continuing education is now popular and many universities have come forward to impart education through correspondence to the benefit of employed people who want to reinforce their educational background with a view to enriching knowledge and also to compete for promotion to higher categories in their employment career.

As can be seen the potential for higher education is plenty now and the standard of education will be of world class provided the institutions refrain from commercializing education diluting the standard of syllabi.

Strategies for improving the education system may be listed out as follows:

- Restrictions on higher education.
- Education on job oriented basis.
- Careful planning of expansion of education since it is costly.
- In rural areas emphasis should be on agriculture and vocational education.
- Technical education should be properly planned and new ideas introduced.
- Efforts should be made to stop brain drain (i.e) highly educated people going abroad in search of jobs.
- Reasons for high rate of dropout especially among girls should be found out and rectified.

POPULATION EXPLOSION (Relevant to India)

The size of population in India is tremendous and the statistics tells us that over a period of 100 years on population has more than quadrupled. This disproportionate growth proves to be a tumbling block to economic development of India. Any country for that matter will suffer economically unless a drastic strategy is planned and implemented to arrest the swelling populations.

India is passing through the phase of population explosion. The following table indicates the step growth in population of India from the year 1901. The current level is alarming and calls for drastic steps to arrest the upward trend.

| TABLE No. 3 - INDIA’S POPULATION (1901 – 2006) |
|-----------------|-----------------|
| **Census Year** | **Population (in crores)** |
| 1901            | 23.84            |
| 1911            | 25.21            |
| 1921            | 25.13            |
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1931 | 27.90
1941 | 31.87
1951 | 36.11
1961 | 43.92
1971 | 54.81
1981 | 68.33
1991 | 84.33
2001 | 102.70
2006 | 111.00

The table shows how population has grown in size over the 20th century. As far as the size of India’s population is concerned, India ranks second in the world after China. India has only 2.4% of the world’s area and less than 1.2% of the world’s income but accommodates about 16.7% of the world’s population.

The rate of growth of population in India is shown in the following table. The table shows the growth rate of population in India per decade and per annum.

**TABLE No. 4 - GROWTH OF POPULATION**

<table>
<thead>
<tr>
<th>Decade</th>
<th>Growth Rate Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-1911</td>
<td>05.74</td>
</tr>
<tr>
<td>1911-1921</td>
<td>(-) 00.31</td>
</tr>
<tr>
<td>1921-1931</td>
<td>11.00</td>
</tr>
<tr>
<td>1931-1941</td>
<td>14.22</td>
</tr>
<tr>
<td>1941-1951</td>
<td>13.31</td>
</tr>
<tr>
<td>1951-1961</td>
<td>21.64</td>
</tr>
<tr>
<td>1961-1971</td>
<td>24.80</td>
</tr>
<tr>
<td>1971-1981</td>
<td>24.66</td>
</tr>
<tr>
<td>1981-1991</td>
<td>23.86</td>
</tr>
<tr>
<td>1991-2001</td>
<td>21.34</td>
</tr>
</tbody>
</table>

Since Independence, the rate of annual growth has not only been positive but has crossed the 2% mark. Between 1961 and 1991 the growth rate has remained above 2% per annum. Only in 1991-2001 decade, the growth rate has come down to 1.93% per annum.

The growth of population is welcome in a few countries like Australia because:
It provides work force to produce.
It provides market for the products produced.
It may promote division of labour and specialization.

Especially those countries are economically comfortable and can afford population growth. In countries like India, the conditions are just opposite.

In India, the growth of population has affected economic growth drastically:

National income rose by more than 17 times during 1950-51 to 2005-06 but due to heavy increase in population, the per capita income rose by a little more than 4.5 times only. The average annual growth of national income during this period was about 4.4% but could affect an increase of only 5.3% in per capita income.

Food supply has become a real problem in spite of commendable increase in production of food grains. Please refer table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (in million)</th>
<th>Population (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>51</td>
<td>361</td>
</tr>
<tr>
<td>2006-07</td>
<td>209</td>
<td>1112</td>
</tr>
</tbody>
</table>

Unproductive consumers namely children and old people become more who place additional burden on the resources of the family as well as the public utility services. Economists have calculated the burden of dependency in terms of food, education and health. Such dependency load is an important contributing factor to the vicious circle of poverty and under development.

While analyzing the population policy of India we find that economic and social measures have not been given proper weight age and complete reliance has been placed on family planning, which is not very effective owing to widespread illiteracy and poverty in the economy. Even the family planning programme is not well integrated and well planned. It is therefore necessary to put forth maximum efforts.

To promote vigorously the small family norms and educate the male and female population effectively.

To bring about convergence in implementation of related social sector programs so that family welfare becomes a people centered program.

**AGRICULTURAL INDUSTRIAL AND SERVICE SECTORS**

a). **AGRICULTURE**
Agriculture, Industry and Services play a major role in the upliftment of national economy. Agriculture contributes nearly one-fourth of GDP and engages around sixty percent of the population of the country.

During planning periods immense growth in agricultural production has taken place. The following table records the progress in agricultural production.

**TABLE No. 6 - Agricultural Production**

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food grains(m.t.)</td>
<td>51.0</td>
<td>167.0</td>
<td>212.9</td>
<td>208.6</td>
<td>209.2</td>
</tr>
<tr>
<td>Pulses(m.t.)</td>
<td>8.4</td>
<td>12.0</td>
<td>13.4</td>
<td>13.4</td>
<td>14.5</td>
</tr>
<tr>
<td>Sugarcane(m.t.)</td>
<td>69.0</td>
<td>249.0</td>
<td>297.2</td>
<td>270.0</td>
<td>315.5</td>
</tr>
<tr>
<td>Oilseeds (m.t.)</td>
<td>5.1</td>
<td>18.3</td>
<td>20.7</td>
<td>28</td>
<td>23.6</td>
</tr>
<tr>
<td>Cotton (m.bales)</td>
<td>2.1</td>
<td>9.8</td>
<td>10.0</td>
<td>18.5</td>
<td>21.0</td>
</tr>
<tr>
<td>Jute and Mesta (m.bales)</td>
<td>3.5</td>
<td>9.2</td>
<td>11.7</td>
<td>10.8</td>
<td>11.4</td>
</tr>
</tbody>
</table>

The following developments have also taken place in the agricultural sector:

- Farmers get national inputs at subsidized notes.
- They get credit at low rates of interest.
- Government helps them by processing their products at pre-determined prices and marketing them.
- Minimum wage level have been fixed for agricultural labourers.
- Special programme such as Integrated rural Development Programme, jawahar rozgar yojana etc., have been started in rural areas to provide employment to the rural people.

However, the growth of agricultural sector is not sufficient to meet the rising demands of fast growing population. For better standards of consumption and nutrition, agriculture will have to grow still at a higher rate. The current growth rate of agricultural GDP is less that 2 percent. Hence, increased investment in projects like Irrigation, Water and shed development in rained areas, rail road connectivity and rural electrification, etc., will definitely help this sector to double its growth rate.

**b). INDUSTRY**

Industrially developed country like USA, have higher per capita income than those countries which have not developed industries well. India and Pakistan may be taken for example for this lacuna. UAE is an exception to this concept and its per capita income is higher due to virtual monopoly in export of petroleum products. We may enlist the special features of this sector as follows:
Modernizing agriculture providing latest tools and equipments.
Providing employment.
Value additions in the GDP.
Contributions to exports.
Raising income of the people.
Strengthening the economy.

Industrial growth experienced ups and downs right from the year 1951. However, during the individual fiscal years 2002-2007 there was a significant improvement ranging between 5.7 percent and 10.6 percent. During the XI plan period, the projected overall growth rate is 10 percent.

Except a few years, targets in the individual sector could not be achieved in the post plan periods due to:

- Under utilization of capacity.
- Absence of world class infrastructure.
- Increasing capital out put ratio.
- High cost industrial economy.
- Inadequate employment generation.
- Poor performance of public sector.
- Sectoral imbalance caused by individual industries like Steel and machine building, Petro-chemicals and Fertilizers.
- Regional imbalances (i.e) Large scale industries are concentrated in a few states like Maharashtra, West Bengal, Tamilnadu and Gujarat.
- Industrial sickness due to financial mis-management, demand recession, labour unrest, working capital shortage, cost escalations, shortage of raw materials, obsolete machinery and equipment, etc..

The number of registered and unregistered units was about 16000 in 1950. Now it has gone up to more than 125 lakhs. Since independence, there has been on all round development of small sale and cottage industries in India. Their performance and contribution to the growth of the industrial economy of India has been quite remarkable. Several public sector giants like ONGC, Indian oil Corporation, Steel authority of India Bharat Heavy Electrical, HMT, HAL, BEL, Cement Corporation of India, Coal India and NTPC dominate the Indian Industrial scene. A large number of small-scale industries are engaged in the manufacture of consumer goods of most consumption.

As already mentioned, the growth rate of industrial production have been below targets. The following table shows how far our targets on the industrial front have been met during the plan periods.
Under utilization of production capacity in different industrial sectors varies from 20% to 60% and the average being in the region of 40% to 50%. Demand shortfalls, over-optimistic projections, supply bottlenecks, labour problems and deliberate under-utilization to create shortages and thereby to gain more profits- these are factors responsible for under utilization of production capacity.

The most critical barrier to growth of industrial sector is the absence of world class infrastructure. The short supply of transport facilities, frequent power failure and poor condition of roads have hampered the growth of industry in general.

Increasing capital output ratio is another very disturbing feature of industrial development. The capital output ratio was 2.95 during the first plan, which increased, to 3.9 during the seventh plan and further to around during the eighth plan and ninth plan. This increase could be attributed to

- Increasing capital costs of new industrial units.
- Under utilization of capacity and

<table>
<thead>
<tr>
<th>Five year plan / Annual Plan</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>I (1951 – 56)</td>
<td>7.0</td>
<td>7.3</td>
</tr>
<tr>
<td>II (1956 – 61)</td>
<td>10.5</td>
<td>6.6</td>
</tr>
<tr>
<td>III (1961 – 66)</td>
<td>11.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Annual Plans (1966 – 69)</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>IV (1969 – 74)</td>
<td>12.0</td>
<td>4.7</td>
</tr>
<tr>
<td>V (1974 – 79)</td>
<td>8.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Annual Plan (1979 – 80)</td>
<td>-</td>
<td>1.4</td>
</tr>
<tr>
<td>VI (1980 – 85)</td>
<td>8.0</td>
<td>5.9</td>
</tr>
<tr>
<td>VII (1985 – 90)</td>
<td>8.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Annual Plan (1990 – 92)</td>
<td>-</td>
<td>8.0</td>
</tr>
<tr>
<td>VIII (1992 – 97)</td>
<td>7.4</td>
<td>7.3</td>
</tr>
<tr>
<td>IX (1997 – 2002)</td>
<td>8.2</td>
<td>5.2</td>
</tr>
<tr>
<td>X (2002 – 07)</td>
<td>10.0</td>
<td>8.7</td>
</tr>
<tr>
<td>XI (2007 – 12)</td>
<td>10.0</td>
<td>8.7</td>
</tr>
</tbody>
</table>
Un remunerative administered prices in respect of basic goods and services.

High cost industrial economy is attributed to import substitution, government protections to indigenous industries, monopolistic tendencies in several industrial areas, high wage rates, outdated technology, low productivity of labour, uneconomic size of industrial units, lack of cost consciousness among industrial managerial staff etc..

Though employment generation through industrialization was one of the major objectives of five-year plans, in practice the efforts proved futile.

Poor performance of public sector industrial units severely tells upon the economy of the country. A large number of public sector units are “Loss leaders” in the industrial arena.

In India industrial development on an over all basis suffered several set backs due to sectoral imbalances. Input-output relations between individual industries like steel and machine building, petro chemicals and fertilizes are such that they have to be develop in harmony. But in practice several sectoral imbalances paralyze the industrial economy of India.

Regional imbalances are an indirect negative factor in industrial development. Large scale industries are concentrated in a few states like Maharashtra, West Bengal, Tamil Nadu and Gujarat. Though industrial growth centers have emerged since independence in several states like Bihar, U.P., Punjab, Andhra Pradesh, Karnataka, M.P. and Rajasthan. These states continue to be industrially backward.

Industrial sickness has become a serious problem affecting small, medium and large unit. It is a major area of concern due to its implications for the entire economy and health of the industrial sector in particular. The causes are identified as financial mismanagement, demand recession, labour invest working capital shortage cost escalation, shortage of raw materials, obsolete machinery and equipment.

c). Service

The service sector of an economy involves provision of services to other business enterprises including manufacturing units and also the final consumers. Service sector includes:

- Business and professional services namely Accounting, Advertising, Architectural and Engineering, Computer related services and legal services.
- Communication services, (i.e) Audio visual services, postal and courier services, Tele-communications.
- Real estate and related services.
- Distributive services.
Strategic Planning To Triumph Over Barriers In Economic Development
- Mr. Guru Selvaraj

- Education services.
- Energy services.
- Environmental services.
- Financial services.
- Health and social services.
- Tourism services.
- Transport services - Air Transport services, Maritime services, auxiliary services to all modes of transport.

The service sector in India is its largest sector and accounts for rising share of GDP. It is playing an important role in the development of the economy.

However, the service sector faces a number of problems in the form of infrastructure, poor quality, lack of enough institutional set up, lack of trained and hospital service providers and severe competition from other countries.

These problems need to be addressed with utmost care and vigil if service sector has to grow more rapidly and serve the other business enterprises and meet the challenges of economic development.

IMPLEMENTATION

Implementation of schemes and projects gets delayed or dropped due to political instability. The Government in Center and State should be stable and have consistency in principle and action. Unfortunately, before the schemes and projects announced by the current ruling party are fully completed. Election comes the way and the new Government formed by another political party the schemes and projects. This undesirable trend tells upon the economic development of the country. Further, honesty has lost sight in politics and the political leaders are alleged indulgence in corruptive activities for personnel gains thus making the voters fools.

INFORMATION TECHNOLOGY

In India, Information technology is of immense preference of youth to qualify in and fly away to overseas countries for employment for obvious reasons. In this context, patriotism needs a special mention. “ When the Mother Country needs you and your service, why do you starve her and run away, young man and young lady?” is a question asked by the author to himself (not aloud). It is another major sector that plays a vital role for economic development. Hence, youth are to be suitably compensated and retained in their Motherland to contribute for economic development in particular and nation building in general.

POVERTY
Poverty is a widespread social evil in underdeveloped countries of the world. When people are unable to reach a certain minimum level of consumption standard they are considered poor. Nearly one – fourth of the population in India is below the poverty line.

Various causes of poverty can be classified under economic, political and social needs. Economic backwardness or stagnation is often the characteristic of the countryside of a developing country like India where majority of the population lives.

Reduction of poverty as a national objective is mentioned in every five-year plan, but so far no remedial measures worth mentioning have been taken. A hungry man only gets angry – how to extract work from him? “Eat well, Work well” should be a slogan to be chanted. Various poverty reducing employment schemes announced by the government should be meticulously implemented.

GENERAL

a). Managerial Deficiencies

To optimize production, a company takes all possible steps. The activities will yield fruitful results when the executives of various departments namely Purchase, Stores, Marketing and Sales, Finance, HRD, etc.. are smart and alert while taking meticulous care of the employees. Lack of confidence and absence of analytical mind, negative attitude and similar draw backs may weaken a company and in turn nation in economic development.

b). Women in Governance:

Women are also highly talented and they too should be given equal status in governance of the states and the country. Their efficiency should be best utilized and male chauvinism should be totally eradicated.

c). Terrorism

Of late terrorism has become a threat to the upcoming of a country. The action taken to defuse terrorism should be much more stringent and it should never be a factor disturbing our country’s development as a whole.

EFFECT OF GLOBALIZATION ON INDIAN ECONOMY

Integrating the domestic economy with the world economy is the concept of globalization. The process of globalization initiated in 1991 and far-reaching changes in industrial and other policies have led to considerable changes. The effect of globalization on Indian economy is briefly as follows:
- India’s share in the world exports has improved. The average growth is more than 20% per annum since 2002-2003.
- There is substantial rise in the foreign currency reserve.
- Exporters are responding well to sweeping reforms in exchange rate and trade policies.
- Exports now finance nearly 65% of imports compared to only 60% in the latter half of the eighties.
- International confidence in India has been restored.
- Certain benefits of globalization have accrued to the Indian consumer in the form of larger variety of consumer goods, improved quality of goods and in some cases reduced prices of consumer durable.
- The rating agencies which rate investment risks in countries for global investors have upgraded India’s rating.
- Quality management and research and development are systematically taken care of by corporate sector.
- More and more companies are opening branch offices / subsidiaries in other countries and making their presence felt. Asian Paints, Tatas, Sundaram Fasteners, Ranbaxy, Dr.Reddy’s laboratories, Infosys, etc are examples of Indian companies operating abroad.

There are many international organizations, which have facilitated the process of globalization. International Monetary fund, the World Bank and the world trade organizations are the three main organizations facilitating the process of globalization.

Globalization has thrown certain opportunities for India like it can raise capital from the world market, it can become a premier production center and it can attract foreign investors etc.. After globalization, India is beginning to shed its insularity and trying to become a global giant.

**CONCLUSION**

Strategies for economic development have already been evolved and put into practice. Economists realize that the set strategies have not yielded desired results due to the absence of strategic planning to implement the ways and means effectively. We have broadly discussed the current status of Indian economy and the scope for development. We wish to lay emphasis on the need for concerted effort to gear up action based on recommendations given in various heads.

Economic strategy should focus on raising incomes rather than simply attracting jobs. In the old economy “Getting cheap” was predominant. But in the new economy, the key to success is to “Get Better”. Economic development depends on:

- People rich in ideas and talent.
Attracting educated people.
Physical and cultural amenities that attract knowledgeable workers.
Individuals who have the ability to learn and adapt.
Bold partnership among business, government and non-profit sector.
Creation of skilled workforce.
Correct use of technology.
Encouragement of modern telecommunications infrastructure.
Expansion of access to the internet.
Innovative business climate.

We may conclude by saying

Problems discussed are not unique to India, but they are being handled in a uniquely short-sighted way.

Let our prompting serve as an eye opener for determined implementation of strategies to triumph over the barriers in economic development of all nations in general and India in particular. We have stressed India in view of strategies evolved and presented here have been with reference to Indian conditions.

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