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# TRANSFORMATION ENGINE OF ECONOMIC GROWTH WITH MAKE-IN-INDIA CAMPAIGN

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## ABSTRACT

*The Make in India campaign, the brain child of the Indian Government, has been launched to boost the Manufacturing and Industrial Sector of the country. The main aims of the campaign are to galvanize the industrial sector and increase the domestic as well as international investment coming into the country. The Indian economy, with a large potential to become a leader on the world stage needs a thrust to achieve a high growth rate in its production and manufacturing sector. The way to do this is by reducing the archaic red tape-ism and changing the legislation to help India come on par with other countries such as China and Japan, which have undergone rapid industrialization and have become world leaders in a very short while. This paper attempts to compare these economies with that of India, outlining how the Make in India movement proposes to change the prevalent conditions and also how successful this endeavor may be. The campaign will help shape the future of the country and help it to grow, develop, become self-sufficient, increase capital formation, as well as reduce unemployment and raise the standard of living of its vast population. To do this, a multitude of measures must be taken, and this paper will try to enumerate and throw light on some important and key factors for this change and development to take place.*

## Keywords

*Economy Growth, Indian Economy, Indian Industry, Industrial Development, Make in India Campaign, Manufacturing Sector, Manufacturing, Production*

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# FISCAL PERFORMANCE OF HARYANA: A POST-FRBMA ANALYSIS

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## ABSTRACT

*Higher growth and development levels for an economy can only be achieved if adequate funds are available and invested for development activities by the governments. In a federal set-up where sub-national governments enjoy autonomy, it is necessary to maintain fiscal discipline by both levels of the government so that frivolous expenditure can be controlled. In India, fiscal federalism, assigns an important role to the sub-national governments especially in the post-1991 period which has increased the expenditure requirements of the state without having a commensurate rise in their revenues causing deficits in public finances. The central government started showing signs of fiscal deterioration in the late 1970s while a similar trend was observed in the state government finances a decade later. This deterioration became more severe for state governments by the late 1990s and a number of steps were taken to restore the healthy fiscal position of the states. These measures were suggested by the central government, by reports of various Finance Commissions, Reserve Bank of India and from states themselves. Most important among these reforms is the implementation of the Fiscal Responsibility and Budget Management Act (FRBMA) by state governments and formulation of the State's Own Fiscal Correction path. The present study will examine the performance of State of Haryana in the post-FRBMA period in light of State's Own Fiscal Correction Path.*

## Keywords

*Development Levels, Adequate Funds, Development Activities, Fiscal Discipline, Fiscal Federalism, Public Finances, Fiscal Correction Path*

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# FINANCING OF POWER SECTOR IN INDIA: ISSUES AND CHALLENGES

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## ABSTRACT

*Various studies on India's power sector show that it has no doubt grown at a high rate but its financial performance was not satisfactory. In this paper, we propose to examine the progress in the development of power sector in India since independence. Priorities in terms of financial investment in power sector, its physical expansion, technical and financial performance, demand & supply projections etc. have been critically examined with a view to determine the future requirements of financial investment in the power sector.*

## Keywords

*Electricity Supply, Transmission and Distribution, Plant Load Factor, Financial Performance*

## Introduction

In response to the challenge to meet energy demand for economic development in independent India, electric power supply (generation, transmission and distribution) was developed in the public sector in terms of Electricity (Supply) Act, 1948. The total installed electricity generating capacity as on March 31, 1951 was 1713 MW which has been increased to 2,72,687 MW as on March 31, 2015. Still there has been shortage of electricity and demand consistently outstrips supply

which has become a major constraint to accelerated economic development of the country. Electricity is a highly capital intensive industry and requires huge capital resources and investment, has a long gestation period. Financing of power sector is a great challenge. Government cannot meet financial requirements from its own budgetary resources. Private initiative needs to be encouraged for which investment needs to be incentivized. This paper has been divided into four sections. In **Section I**, we examine investment

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# RELATIVE OWN TAX REVENUE PERFORMANCE OF INDIAN STATES: A PRE AND POST REFORM STUDY

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## ABSTRACT

*The paper highlights the long-term strategic perspective for revenue growth from own sources of Indian states. A better understanding of the reasons for the superior performance of some states helps to spread success from one part of the country to the other. It is particularly important to study the differences in performance among states in order to extract lessons about what works and what does not. This paper is a modest contribution towards focusing attention on these issues. The tax collection efforts of states have been measured through quantile regression techniques. The data set consists of state taxes for the period 1981 to 2012. The empirical analysis suggests that large inter-state variations in term of fiscal performance and revenue efforts initiated by the states exist in India. The study finds tax bases are narrow both in terms of coverage and huge amount of exemptions and avoidance of taxes is in existence. The study finds the need of simplifying the state level tax system and strengthening administration and enforcement machinery. The practical implication is that all stakeholders including government, corporate sector, regulatory bodies and citizens need clarity on the role of tax revenue collection in economic growth in India.*

## Keywords

*Tax Revenue Collection, Own Tax Revenue, Quantile Regression, SDP*

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# ECONOMIC UTILITY ON SOCIAL NETWORKS: UTILITY OF LINKING AND DELINKING IN DEALERSHIP NETWORKS

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## ABSTRACT

*This paper explores the evolution of dealer networks based on economic utility. The costs and benefits of linking with the network is analysed for the total and marginal costs. The willingness for bilateral and unilateral link formation are examined. Profit estimates for the entry and exit into the network are identified.*

## Keywords

*Social Network Analysis, Dealer Networks, Economic Utility, Edge Utility, Network Utility, Bilateral and Unilateral Link Formation, Profit Estimation*

## Introduction

Conventionally, the utility function for a business firm in general is the profit that the firm tries to make out of any business transaction. However, maximising profit is long run objective for the business firm as profit is in itself a composite of the totality less costs. Initially, the opportunity cost is the ideal factor that is relevant for consideration of the business firm as the opportunity itself is related with another

qualitative factor, the customer satisfaction which is essential for customer retention. Under the criterion of retention of customer, the firm has to deliver the product demanded by the customer even if the firm does not have or deal with the particular product by virtue of its dealing with the product in the industry. The business firm can not afford to lose the consumer simply because the product demanded is not with it currently. The business firm does supply

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# GDP GROWTH AND PUBLIC DEBT: ALTERNATIVE SCENARIOS

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## ABSTRACT

*The important discussion regarding public debt and growth has received renewed interest of researchers and policy makers after the recent global financial crisis and more seriously since the subsequent euro sovereign debt crisis which has triggered trillions of dollars in fiscal stimulus across the globe. A developing country like India is also faced with the problem of high debt-gdp ratio, alongside persistent budget deficit and inflation. Sustainability and management of public debt are of much concern to policy makers for many reasons. We believe that while fiscal policy promotes growth along with other developmental issues, growth in turn moderates the public debt problem. Yet, how fiscal policy is designed is important. The present exercise looks at how growth helps to deal with public debt at an acceptable level leaving reverse linkage for subsequent analysis. It turns out that sustained growth in nonagricultural sector of the economy will reduce the debt-gdp ratio. Keeping these issues in mind this paper sets up a disaggregate model for the fiscal sector of the central government with debt and deficit as the focus. It analyses the effect of different growth scenarios on debt-gdp ratio keeping the existing parameters of fiscal policy unchanged. The sample period for this analysis covers the year 1993-94 through 2012-13 which coincides with the era of new policy regime for India.*

## Keywords

*Growth, Debt, Fiscal Consolidation*

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# AN ANALYSIS OF RELATIONSHIP BETWEEN SPOT PRICE AND FUTURE PRICE OF SILVER IN MCX: APPLYING CO-INTEGRATION AND CAUSALITY TEST

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## ABSTRACT

*The key research objective of the study was to analyse the nature of relationship between future and spot prices of Silver in Indian Commodity Market (MCX) using Johansen Co-integration and Granger Causality Test. The data were taken from MCX Year Books, with data from April 2004 to December 2010. MCX has stopped publishing Year Books, last being Year Book 2011. While latest (raw) data could have been taken from the site of MCX itself for the period from 2004 to date, it was thought to examine the data given in the Year Book only, which is smoothed by MCX itself. While the exact spot price given for months respectively in the Year Books were taken, but to get the month wise future price of copper, same had been taken by taking the average of opening and closing future price of every month given in the Year Books. The various models used in the analysis were Augmented Dickey Fuller Test (ADF), Johansen Co-integration Test and Granger Causality Test. Non-stationary data were converted to Stationary data wherever it was required for better interpretation. The results showed that Silver Spot and Silver Future prices were Co-integrated and both of them do not granger cause each other.*

## Keywords

*Metals, Industry Metals, Silver, Spot Price, Future Price, Augmented Dickey Fuller Test(ADF), Johansen Co-integration Test, Granger Causality Test, MCX*

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# BIHAR STATE FINANCES: A STORY OF CENTRAL SUPPORT

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## ABSTRACT

*The state of Bihar has experienced rapid economic growth in recent times and has been one of more prosperous states of the country. Despite this strong growth pattern, the state finances of Bihar have continued to be dominated by the funds from the centre and the state has continued to remain dependent on the centre. This paper attempts to review the finances of the state and bring forward this issue of dependence on the centre for funds by the government of Bihar in greater details—something that has received limited attention. It finds that about two-thirds of the state's revenues come from the centre apart from the loans that are provided by the centre to Bihar. Further, it also finds that the resources generated by the state are inadequate to meet the revenue expenditure needs and the high capacity of the total revenues to fund the total expenditures is due to the funds received by the state from the upper tiers.*

## Keywords

*Transfers, Own Revenues, Centre*

## Introduction

Bihar has been one of the most prosperous states in recent times. The state has experienced a sudden rise in the economic growth since 2006-07 onwards and the

growth has not only been higher compared to previous periods but has also been one of the highest in the country (Economic Survey, 2014). The state GSDP (at current prices) has grown at an annual growth rate

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# DEBT SUSTAINABILITY OF A SUB-NATIONAL GOVERNMENT: A CASE STUDY OF UTTAR PRADESH IN INDIA

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## ABSTRACT

*Serious deterioration in government fiscal finances in the late 1990s and early 2000s asked for prudent fiscal management. The fiscal deterioration of 1990s and 2000s led to elevated levels of debt liabilities at both the national and sub-national level. Uttar Pradesh (UP) fiscal position during 1990s and 2000s was one of the most vulnerable. Fiscal and revenue deficit and debt levels were appallingly high creating unmanageable pressure on fiscal finances. The UP government enacted its FRBMA in 2004 with the aim to arrest rising deficits and debt which mandated reduction in deficit and debt levels within a limit in a given time frame. The sustainability analysis has been made in the current study to capture the effect of reforms on debt position and to assess sustainability of debts in pre-and post-FRBMA years. Our analysis suggests improvement in overall debt and deficit indicators in post 2004-05 years. Debt analysis also confirms sustainable fiscal health ( $\tau = -4.533$ ;  $p < 0.05$ ; with constant and trend) during post-FRBMA years. The policy implication of the finding is that UP government need to stick with fiscal rules policy.*

## Keywords

*Debt Sustainability, Sub-national Government, State Finances, FRBM Act, Uttar Pradesh.*

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