



Can India become a \$5 trillion economy by 2024?

Description

Context:

- The present government of India has set a target to make India a \$5 trillion economy by 2024. So, there are debates on whether this goal is achievable or not.
- India's GDP in 2018 was \$2.73 trillion dollars.

Yes, India can become a 5 trillion dollar economy by 2024:

- Ease of doing business has improved drastically in recent years. India ranked 77 in the World Bank's Ease of doing the business index of 2018. India's rank was 130 in 2016. This improvement helps in the growth of the economy.
- In Budget 2019, 100 lakh crore rupees were announced for infrastructure over the next 5 years. This will create lots of employment opportunities and will improve the transport sector. So, this will, in turn, improve the economy.
Reserve Bank of India has announced interest rate cuts, which means EMIs will get cheaper. So, this can result in more purchases by the public by taking loans and thereby increases money circulation.
- Recently, on 23rd August 2019, Finance minister Nirmala Sitaraman announced some support measures for the economy. In this announcement, steps were taken to support the auto industry. It was also announced that Rs.70,000 crores will be infused to banks so that banks will be able to issue fresh loans. This will eventually help in economic growth. So, this gives us hope that the government is actively taking steps to achieve the goal.
- Our Finance Minister Nirmala Sitaraman has promised to bring more reforms in the coming days to improve economic growth and thereby to make India a 5 trillion dollar economy by 2024.
- Reserve Bank of India is transferring Rs. 1.76 lakh crore surplus funds to the government. This helps the government to invest money in several sectors and bring economic growth.

India may not become a 5 trillion dollar economy by 2024:

- At present India is facing an economic slowdown. In the April-June quarter, India's GDP growth was just 5.7%. To become a \$5 trillion economy, India's GDP growth should be at least 8%, and nominal GDP growth should be at least 12% (Nominal GDP growth means Real GDP growth plus inflation). But considering the present circumstances, it is very difficult for India to achieve that growth. Recently, Moody's Investor service revised India's GDP growth to 6.2% from 6.8%. Even 2019's Economic survey predicted this year's GDP growth as 7%. So, if we take these things into consideration, it seems highly impossible to achieve the goal of making India a 5 trillion dollar economy in the next 5 years.
- Because of the economic slowdown in India, foreign investors pulled out approximately Rs.8,300 crore in August 2019 alone. Already there is a lack of private investment and also a domestic investment. So, it may take so much time for the Indian economy to recover.
- Many sectors are reporting slow growth because there is low demand for goods and services. This is reducing the circulation of money and resulting in more unemployment, which in turn reduces the demand for goods. So, right now India is caught up in this vicious cycle. Working on these things and making India a 5 trillion dollar economy at the same time seems impossible.

What needs to be done:

- The government should focus on inclusive growth to achieve the goal rather than just focusing on increasing the GDP. Because in India, income inequality is very high. So, if the rich get richer and the poor became even poorer, a 5 trillion dollar economy will be no use to the common people. So, the government should take steps to improve the income of common people. It should take effective steps to create a large number of employment opportunities, to simplify GST and to bring structural reforms. It will increase the money at hand for common people, which will result in the purchase of more goods and services and will eventually improve our economy. And then even if India may not achieve the goal, it will be successful because there will be happier people.

Conclusion:

Having a goal is definitely a good thing because it encourages the government to take steps in that way. Becoming a 5 trillion dollar economy by 2024 is an achievable goal for India. But considering the present circumstances, it seems impossible to achieve it. However, we have 5 years at hand. So if the necessary reforms are brought, there is a possibility that India will achieve the goal.

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Your Turn!

Do you think India can become a \$5 trillion economy by 2024? Express your thought through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

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