# THE INDIAN ECONOMY

Dr. Vinay Joshi
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# CHAPTER 1

# BUBBLING NATURE AND FORMATION OTHER PROPERTIES OF CRYPTOCURRENCY

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***ABSTRACT: Cryptocurrency is really a broadspectrum of increased economic, numismatist, technical as well as investing interests, but many practitioners as well as stakeholders continue to desire a full grasp of its ideas and underpinnings. Through the safety of blockchain technology and its economic environment, people have developed faith in using bitcoin. This study examines the scholarly literature on price bubbles in digital monetary systems. Studies show that Bitcoin prices have been charged for multiple bubble episodes of crypto, namely between 2013 and 2017. This study examines the issues confronting five distinct market capitalization cryptocurrencies. This document synthesises and sums up the most important literature on cryptocurrencies to help them comprehend their order and purpose more generally. This article discusses the application and problems related with cryptocurrencies.***

***KEYWORDS: Bubbles,Bitcoin,Cryptocurrency,Digital,Investment.***

## 1. INTRODUCTION

Cryptocurrency also a topic of increased attention amongst professionals as well as investors in terms of monetary, bibliographic, technological and investment interests, even though its concepts as well as bases however are largely understood. Because idea of cryptocurrency is frenzied, or the knowledge of its existence is just not enough, or the term "electronic currency" has been used to sharpen the individual commitment towards debts as well as finances in either event for such a long time[1].

Cryptocurrency is a digitally utilised money that uses encryption methods to secure data and transactions. Decentralized methods are used to safeguard payments. It is carried out on the chain of blocks, which is the record of all currency holders' transactions. Bitcoin was the first cryptocurrency developed by Santushi Nikamoto in 2008. Bitcoins are cryptocurrency utmost popular. Subsequently bitcoins over 900 cryptocurrencies were established, including altcoin, Ethereum, ripple and so on, on the market [2].

Crypto-monetary technology is a blockchain chain that holds information about all transactions. Some information about the preceding block is shown in each block. In various fields such as, finance, intelligent property etc., block chains are frequently employed. Every time,any newer transactionsare conducted, entire blockchain bulges are enabled as well as algorithmic steps are carried out to validate the data and the transactions' validity. If most nodes indicate favourable results, the transaction is otherwise negated by adding a new block to the chain[2].

At its basic level, cryptocurrency may be understood as a digital asset that works as an exchange medium based on cryptographic technology, ensures the transaction fluidity and controls the production of new currency units.The presence of certain particular features such likeown habits as well as features or if they form anyproduct or may becurrency have been an axis of interest to digital currencies. Bitcoin is a commodities money hybrid with fiat cash.

While digital currencies utilise peer-to-peer (P2P) as well as applications to avoid duplication and bypass of commercial bank intermediation.The majority is extremely decentralised. The cryptocurrencies. Bitcoin value determinants in combination with its limited supply are the demand for this money. Bitcoin cannot be regarded amid crisis as a solid safe haven. A full survey of financial asset cryptocurrencies was carried out. Statistical diversification benefits from Bitcoin inclusion that are more evident for commodities.

Bubbles across a range of financial assets have occurred, study covering a variety of connected areas such as source information, contagion, progress, signal processing, trading algorithm functionality, and dissemination of social media. It has been difficult to understand why there are large interest ranges since serious price fluctuations in investment forms have garnered major wise debate and interests of investors, policymakers and regulators. In addition, unexpected upheavals or sharp declines in asset market prices have been of prime interest for its societal influence as social as well as economic inequities are generated and escalated.

It was unbelievable, particularly particular when the product for discussion would be a fresh, emerging as well as attractive instrument in stability and resource administration, with such an intriguing call to exceptional degree in finance seeking untapped quantifies the relationship. This was particularly important for bubble-formation in cryptocurrency markets[3]. A wide range of alternate viewpoints has notably been created as respects the concept of bubbles.

In order to replace the present, centralised banking system, BT has been established.The authors of argue that BT may substitute intermediaries while providing platform security[4]. However, with this technology gaining broad usage, new techniques have been devised, particularly to hack it. The most frequent assaults are distributed Denial Of Services (DDOS). A form of DDOS attack is a malleability attachment, which takes the user to double the costs when an attacker produces a replica of a transaction, but a different ID. This attack happens when a blockchain system, such as a bitcoin exchange, is being used.

The most common approach of valuation would be that properties are considered investing mechanisms which can discriminate primarily between their nominal value and their fundamental value[5]. The conventional valuation is based on the price it's also bought or sold by, although the value of the property is lower and is sometimes determined on its production costs. Growing amounts that exceed nominal price led to excluding as well as bubble formation. These changes in price are primarily attributable to the investor's highly positive sentiment which led to a rise in demand for collective assets. This effect is strengthened when supply is steady or declining, as is the situation when the bulk of digital currencies are taken into account.

### *1.1. Challenges With Cryptocurrency*

Chances are if the user cannot double check receiving address, money can be moved to some other account. An average e-money user can also save a crypto wallet and his password to make it simple for hackers to steal or abuse money[6]. Payment gates can sometimes be hacked. In 2017, Ethereum Classic's most popular online wallet suddenly started robbing users' wallets of money. Hackers have been seen to use social engineering tactics to persuade the major supplier that they really own the domain. After the network has been accessed, monetary flows have been intercepted.

If the final digit of the address was not duplicated in Ethereum, the money will vanishotherwisecurrency will drift into accountsanywhere it’s meant not to be. In addition, it would double the sum meant for transfers by 256. The fact that files may be taken from computers is another concern with cryptocurrency[7].

#### *1.1.1. Scalability:*

The present architecture of the block chain provides similar scalable currency like solitary databases’ servers, which seeks for service entire request for the internet information. The block chain is relatively easy to understand, as it can be processed by any node. However, when new information is written, all knots must write it, which causes a long time for completion due to validation[8].

#### *1.1.2. Adoption:*

The world requires a network of merchants who accept payment techniques in terms of money such that a consumer seldom ever confronts a store that does not support them[8].

#### *1.1.3. Legislation:*

any financial, monetary or investment related items are governed by legislation. The government must recognise a currency as a lawful currency. In turn, the government can do nothing other than try to prohibit the government from official transactions with official institutions like banks if people take another means of trading value enormously. This impacts greatly on the amount of adoption.In the ordinary life, it is difficult to live on cryptocurrencies when government does not recognise it is much harder to purchase crypto-coffee. At some point in time, VISA prohibited any crypto-credit or debit card bonds[9].

#### *1.1.4. Fork:*

Lock chain code upgrade without fork. This is every cryptocurrency's worst adversary. It must upgrade to correct a problem, add functionality, or revert to a crime. Dividing the bitcoin original value[10].

#### *1.1.5. Centralization:*

More valuable is the cryptography, more centralization and organisation have been established. Existing miners are richer, more lucrative and more money has to grow for new entrants at an unsustainable rate.As a consequence, a huge miner extracts more Bitcoin and heavily manipulates the market when he sells them. If just the four greatest miners talked to each other to make sales arrangements, they could dominate the market totally. They may even reverse the protocol and validate or invalid transactions since they control more than 51 percent of the mining capacity. This is presently Bitcoin's biggest danger and all ASIC mining cryptography relies on Bitcoin[11].

### *1.1.6. Mentalities for Anti-Regulation:*

Most cryptocurrency advocates fear government authority, not for good cause.The problem is that government now has a great deal of power, and their judgments tend to be biased based on fear, which leads to greater military force and police enforcement and more population control and bring our society into closer contact. However, that does not imply, as a society, that the government has no significant function to perform. Like manage people's identification, regulate economics in order to prevent monopolies, and ensure justice to avoid legislation. It should try to establish a good balance into our community and preserve peace instead of no government.

### *1.1.7. Definition of bubbles:*

Rational bubbles intrinsic versus extrinsic When asset values are continued to rise because investors believe that the overpriced asset may be sold at a better price in the future Rational Bubbles[12]. Since shareholders were aware of the possibility of bubbling, investors claim restitution again for hazard which grows with increasing risk throughout time. The continued need for more profit leads to price overgrowth and the bubble ultimately breaks out.

Intrinsic reasonable bubbles are produced when investors conduct incorrect asset fundamentals repeatedly and continually.This is particularly prevalent with advanced items of technology when the specific basic worth is more difficult to identify. After lengthy periods of price rises, crashes are generally caused by information dynamics. Extrinsically rational bubbles emerge when rational investors face high levels of economic uncertainty. In terms of price prediction, this leads to investors assigning value, in order to discover endogenously variables that do not impact both real and substantial asset prices. The major source of rational extrinsic bubbles is disinformation, which leads to inadequate management capabilities.

## *1.2. Clarifying as well as Presenting Short detailed history of Assets bubbles*

Inside the course of many years the term "bubble creation" was used in the various different but not conflicting definitions. Defining bubbles simply as 'periodic deviations in fair value,' as that of the net present value of cash inflows streams, of the underlying worth of the asset' This definition argues that "a ball might be a better metaphor for certain financial promotional methods. Surely it is blown to bits, but that really doesn't come where this is. There will be much less depreciation."

The expression 'bubble' is a fleeting phrase full of import and without a firm operational meaning, which documents those bubbles cannot be defined as merely financial occurrences, since until now we have not been able to comprehend the precise motive forces in them. The author thinks that no basic reasons could be used to explain such discrepancies.

- A run-up to bubble and imbalance development and
- A phase of crisis in which the risks accrued materialise and the crisis erupts.

## *1.3. Approaches for detecting and measuring bubbles*

There is really no consensus with regard to price bubble. Intellectually honest bubbles might develop in the manner of an exploding time trend, AR processes or even more advanced dynamical systems. Among several other things, four main distinct approaches have also been identified to define bubbles. Firstly, the definition of bubbles is more traditional as well as the owners of the means is compared to the apparent cost of the property. Since all essential facts are taken into account, the economic system must be described as that of the real worth of payments produced first from commodities[13]. Accordingly, the asset price approach considers that bubbles are found in which the current value coinciding with both the selling price is indeed not equivalent towards the economic fundamentals.

Fundamental principle forecasting method. This approach will be useful if the many stages of bubble growth like expansion, inflexion and saturation are to be captured. All 3 states during the creation of price bubbles are considered common. The expansion phase is positive, the inflection phase is stable, but the saturation phase implies a price decrease.This technique hopes to succeed by tracing the start date of the saturation phase. It should be noted that, in actuality, the era of positive growth is not the same as negative price growth.

### *1.4. Security aspects of Cryptocurrency*

Crypto-money is a safe user platform, however crypto-monetary difficulties must be safeguarded and solved. How this may be done is general: Private and secure user information should remain. This should not be shared as access to the account and other sensitive data would be simple for others. Using strong email and crypto account passwords and using the example password manager, in order to obtain greater security on the account. The creation of a secure email solely for Proton mail crypto account helps to decrease the hacking risk. The user must also make use of this email for all crypto-accounts.The addition of two-factor authentication in all accounts (2FA) makes it easy for others to access and ensures that the user has access to this count.

Another approach to secure cryptocurrencies is to use a powerful antivirus on the machine. For security reasons, it is also vital to avoid phoney websites and emails called "phishing" which seek to steal information. Cryptocurrency is readily accessed while held in such a pocket as well as all knowledge as well as currency has been gone. Consequently, cryptocurrency may be divided into multiple wallets using a clever notion. say a dependable member of the family, who could really take possession of wealth and provide them access to the crypto investments, in order to safeguard the money, is a safer choice.

### *1.5. Purpose Of This Study*

This study examines the main relevant literature on digital currency pricing bubbles and offers the colourful terminology in important academic publications in the most representative manner. A thorough grasp of major nominal deviations from fundamental prices gives a thorough inflation drivers' impression of cryptocurrency value as well ascorrespondingly sheds highlight onto the creation regarding prices for another basic possessions. The goals of this study were to provide additional insight into issues concerning bubble development, as it is helpful for academics, market players or people as well as society as a general public to better comprehend this phenomenon.

This document synthesises and sums up the most important literature on cryptocurrencies to help them comprehend their order and purpose more generally. The most prevalent meaningsregarding assets bubble as well assignificant occurrences within the past of the economy. It gives an overview of the most prominent methods for testing and measurement of the cryptocurrency bubble nature. A literature study on price development of bubbles in virtually decentralised currencies is prepared.

## 2. LITERATURE REVIEW

The frenzied stock exchange activity in the several towns in the Netherlands based on stock prices of tulip bulbs has been a regular event, according to Johannessen [14]. Around 1612 this same price of this Bulb was around 10 and 25 Guilders, but it exceeded approximately 6650 Guilders twenty years later due to the common optimism inside the Netherlands. The result of establishment news as well as new product development was perhaps confidence (stock exchanges). He has said the restructuring of enormous government debt collected by that of the British and the French even during Spanish War of Succession had been a cause of the South Sea Company. In barely over a decade the share value of the South Sea Business had surpassed £200 million. Its rise in prices was based on a promise of large profits that attract investors form France throughout the French colonies in The Americas.

Frehen et al. demonstrated all three bubbles as primary drivers of bubble expectations by innovation and irrational investment enthusiasm. They reject customer-based models that emphasise the limits on bubbles and short-sales[15]. For new financial assets, like digital currencies, a common price structure develops. That whenever a higher reserve format is formed, then inaugural pieces of the whole currencies might be transferred at that same premium price. One should be aware that the amount of a big number of cryptocurrencies is supplied at an upper limit.

Blanchard and Watson propose the bubbles can indeed be susceptible in many ways and therefore these bubbles lead in some kind of a classification of realistic expectations to a violation of something like the variability bounds [16].Increasing asset values are supported by social movements and habitats during a certain time span. The observations of market players and the human nature are responsible for the investment incentives and volatility of asset prices.

Tirole shows that three criteria are in place for building bubbles: toughness, shortageas well as shared politics[17]. The author believes the shortagebeing relied over the price of newercomponents equal to old and asserts that the restricted supply can avoid bubble. In Bitcoin, this might be extremely intuitive.In addition, he differentiates between financial bubbling dependent on the price of the market and actual bubbling produced by the underlying principles of this market. He is particularly in favour of focusing speculative assets instead of money on overlapping models for generations.

The price kernel has been computed by Nadler and Guo, that also demonstrates whether blockchain technology typically valued at pricing of cryptocurrencies, with pricing factors that could affect their own holdings[18]. They said that Bitcoin is simply a safeguard Fort Worth, because its delivery may be expected as well as manipulated due to incumbency on the cryptocurrency market as it is considered more confidential than some other financial instruments.

Evans argued that typically combine of sunspots and certain other "reasonable bubble" systems are limited to reduced strength and because the neural networks at the very most offer a very stable answer [19].He also contends that the prices of inventories do not include explosive pricing bubbles, and that there are no opportunities to start over if negative rational bubbles in stock prices do not occur, hence if a bubble collapse. He also concentrated on dividend-only, rationally intrinsic bubbles, which is all bubbles that arise from external but not external economic reasons. They discover information showing alternate hypothesis are impossible to articulate to promote the bubbles with the US financial sector.

Gurkaynak papers which do not provide information on the existence or non-existence of bulbs through asset bubble testing[20]. He believes that along with templates expectations at variable rate discounts, susceptibility to risks or organizational malfunctions only allows extremely faint bulbs to form. There is no manner in which bubbles as well as fundamental principles that fluctuate in time or change in the scheme may be discerned. In short, the author says as one could not be confident of the occurrence of a sphere by means of bubble nano sensor. This is why this outstanding balance produces considerable attention and raises demands for participation. This really is the 'irrational excitement' of investment conduct.

Panagiotidis et al. examined Estimated influence upon Digital currencies Bitcoin payback throughout various time frames, by utilising LASSO Framework, of the Federal Reserve and ECB rates and internet trends[21]. Research effort as well as gold returns seem to be the most important determinants for Bitcoin returns. A balancing that provides a positive value for a virtual currency by employing crypto-monetary technologies as well as restricting the amount. It also gives insight into substantial differences between portfolio theory in Bitcoin's trading volumes across national currencies.

In Bitcoin and Cryptocurrency markets, Fry revealed Liquidity concerns may create hefty duty. Interactions between cryptocurrencies themselves have also been investigated[22].He discovered that Tether's output has no effect on following Bitcoin returns, but, they have a negative effect on traded volumes based on a VAR technique. The authors have discovered that a sufficiently tall government may restrict the circulation of an alternative currency without depending on penalties for prohibiting cryptocurrencies as long as enough harsh penalties exist.The ongoing growth of cryptocurrencies and the underlying trading between cryptocurrencies has created an immense need to deepen our understanding of a product recognised.

## 3. DISCUSSION

The growth of BT has helped to bring a large number of cryptocurrencies into view. Each is backed by a DLT platform, which has a technology that generates confidence and so significantly contributes to its value in cryptocurrency. The capitalization market for cryptocurrencies is increasing as more investors put their money in this market. Some nations, like Malta, have viewed crypto-monetary potential as the major financial service of the future and have begun to develop legislation to provide investors a legal framework for crypto-monetary operations.

Although BT is the answer to enhance data security in a typical system, new and unique cyber assaults are being used. In order to deal with the veto assaults, BT-based systems have been adjusted and updated the most common consensus algorithms, shared by the majority of the coins. The analysis conducted in this study shows this.

The main difficulty with current consensus methods is that a platform that can be globally scalable, consistent and totally decentralised cannot be achieved. They all have defects in some of the points stated.Another issue is network governance underlying the BT platform.

In addition, in the case of moderate or explosive detection, various detection techniques are preferred. While investment in cryptocurrencies is becoming ever more popular as prices are high, there is still considerable concern owing to the large levels of return volatility and unpredictability. Bubbling in the values of online coins leads to significant difficulties in the efficiency of such currencies as a value-added unit account, some of the important functions that many literary sources have found to be significantly poor in those product developments.

Overall, empirical research verify that cryptocurrencies are extremely speculative, volatile and unpredictable. The present study provides a comprehensive viewpoint on the bubble pricing in digital currencies and the way to future research by giving an overview of empirical academic research. This might be a useful tool for investors, speculators, regulators and oversight bodies. In the end, it must be asked if the digital currency bubble characteristics will continue in the future without the possibility of cryptocurrency assets like Bitcoin collapsing.

The DLT is the backbone for the decentralised platform that can trade digital money and help autonomously manage financial and immovable assets. The notion of the decentralised web was reinstalled so that web updates between autonomous participants without a central server are trustworthy, secure and responsible. This article reviews the major DLTs and variations of Blockchain and the short overview of the circulation of cryptocurrencies on these DLTs.

According to the asset price method, assets are financial instruments that make traders highly successful.During the past few of years, Bitcoin and other digital coins' highly speculative cryptocurrency features and resulting popularity have fostered bubble price literature with a very intriguing scholarly discussion. The interest in research on cryptocurrency bubbles is growing considerably due to the problems posed by large and long-lasting price changes. In instances when a bubble is unique or where several bubbles exist, there are a number of research techniques favoured.Some cryptocurrencies give their users the opportunity to create and implement Turing-complete apps within their financial environment, making them more useful than asset trading. For example, among the five analysed, this is not a measure that all the cryptocurrencies allow just two of them.

The two most market-capitalised cryptocurrencies employ the PoW consensus method. Your live accounts and transactions daily show that this algorithm offers all your genuine ecosystems requirements.There are several methods of consensus if the ecosystem increases in terms of active accounts or numbers of transactions carried out by enormous adoption of apps. Due to the speculative movements of capital, variations in the price of cryptocurrencies make it impossible to utilise them in everyday life. But since the deflationary character of cryptocurrencies is stronger against the speculative swings that have been generated by single big fortunes if individuals keep their money in cryptocurrency.

## 4. CONCLUSION

In past few decades there has been considerable research aimed at assessing its occurrence as well as quantifying the magnitude of currency bubbles in financial assets. There is already ample evidence that the market value of huge assets differs from either the values they complement. Entrepreneurial drive and excessive assurance mix economic considerations. A wide variety of definitions. Vast majority them believe that those same behaviour is generated within the superior interests of economic units due to the especially favourable circumstances which lead to numerous reference value with regard to fair worth.

For the present financial environment, cryptocurrency and portfolio management are quite crucial. It is better to carry money with you by using crypto-monetary devices, because it avoids theft. The Blockchain technology is utilised as it cannot be changed to safeguard transactions. The management of portfolios is a process by which plans for investing money are created. Various apps are developed for the portfolio of cryptocurrencies. The value of crypto-monetary products is always changing and so financial management is sometimes challenging, but crypto-monetary technology is safe and safer than the traditional manner of holding money.By controlling the fluctuating prices of cryptocurrencies, cryptocurrency and portfolio may be produced more effectively. By looking more attentively at and investing in the market, we can all invest the money more cautiously.

Prices will most certainly stay in an upward path to the extent that strong investor confidence remains and irrational conduct. The main function in the preservation of cryptocurrency is established in bitcoin exchanges issued by financial organizations (e.g. CBDC) and in financial assets or financial instruments (e.g. stable coins). If rules governing digital money or innovation improve the confidence of stakeholders in digitally liquidity, the cryptocurrencies may have had a legal bid which might ensure that owners of such products are instability as well as recurrent upheaval. A trend towards digital currency centralization might help cool digital bubbles before they explode and lead to additional bouts of catastrophe.

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# CHAPTER 2

# CONTRIBUTION OF SMALL-SCALE INDUSTRY IN GROSS DOMESTIC PRODUCT OF INDIA

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***ABSTRACT: The industries are considered as life line of the economy of any country. This sector is divided into micro, small and big industries, the big industries require the skilled worker who have some kind of specialization whereas small and micro industries are able to accommodate the less skilled or unskilled worker as well, even these companies doesn't require any special kind of expertise from their worker. This is the reason that these companies are mass recruiter of the person from a specified class as people lived in poverty don't have any formal education and expertise. Apart from this, this sector engaged in manufacturing of such product which are of daily use in household and also having a market in India as well as aboard and generate a good flow of money from one hand to other. This sector contributes significantly in GDP (Gross Domestic Product) of nation and also accumulate the foreign currency that will strengthen the economy of country. Therefore, it is necessary to promote and protect this segment of industry.***

***KEYWORDS: development, economy, growth, Industry, skilled worker.***

## INTRODUCTION

The industrial revolution in India has been started by the small-scale industries. The big industries was not existed in India at the time of the independence, this was the time to start with a new beginning to match the pace with the world progress [1]. The India was relying on its manual power since a long time, but, heavy machineries have been introduced in Indian industrial scenario during the British empire and a marginal manual load of working had been shifted on the machines. Although, many industries were still working on manual power (Figure 1). The introduction of the light and heavy machineries changed the way of working of Indian industries.

**Figure 1: Representation View of a Small-Scale Industry in Indian Industry**

The Indian small scale industries market is very vast and the reason behind this versatility is that papulation is major factor in providing the manual work at reasonable cost than any other country and second major factor is to availability of the raw material. In ancient time, India has good business relation with outside world and this legacy has been maintained by the later ruler [2]. But after the establishment of the British Empire, most of the profit has been shifted to English but labor was being done by the Indian. This tendency has backward India and its indigenous people in comparison to rest of the world. After India's freedom, Real fight had been started for the establishment of the Indian industries by the truly Indian government and its people.

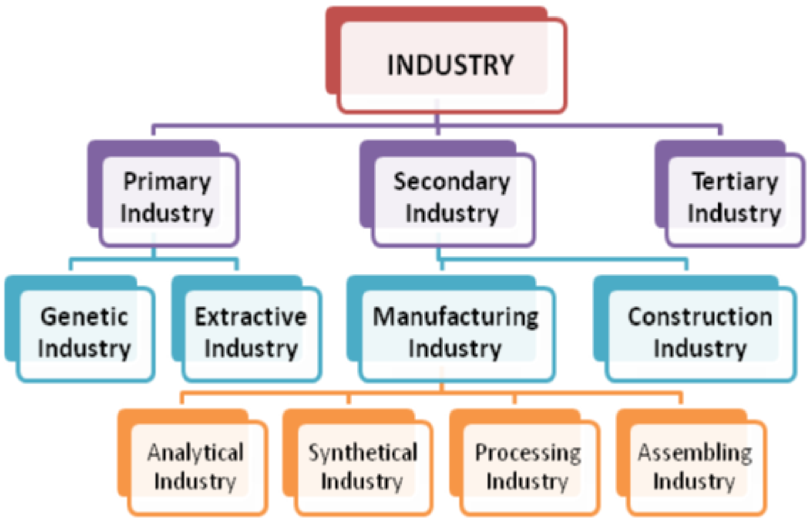


**Figure 2: Basic Structure of Industries in Any Nation to divided the Different Occupation Work** [3]

The structure of the Indian industries has been showing in Figure 2. The whole industry has been categorized into three categories as primary, secondary and tertiary depending upon the number of employees engaged and what is being manufactured over there. These categories are further divided into number of different domains based on industries type. The Indian industries had been started at small level and with time some industries develop into big one. There are many examples of companies which have started their business at small level but later become a conglomerate of many companies under the same umbrella.

The small-scale industries can be defined as the industries which are engaged in the production, manufacturing and similar rendering activities on a micro or small scale. In capital wise, their investment in machinery and all must not increase the limit as decided by the government i.e. 10 crore and per year turnover should be equal or less than the 50 crore [4]. The definition of the small-scale industries has given as per the government norms as government all has many policies which provide the fund and other related facilities to these industries depending upon their investment and yearly turn over made in a financial year. The government has had a dedicated department i.e. department of industrial policy and promotion, this department effortless engaged in development of the industries in addition to promote the invention as well as innovation that will in turn proved fruitful for the country and contribute a good part in the gross domestic product (GDP) of India.

This should be matter of proud that approximately 7600 large and 12.7 million small industries have been incorporated in the nation building and a good papulation have been engaged in employment in these small and micro industries, in addition to that some companies out of these industries have been collaborated with foreign client and enterprise to promote further growth and development of the nation and its people. It is estimated that as many as 30.5 million people have been engaged and earning their living (Table.1). After independence, government's business policy endorsed small scale businesses, endangered them from antagonism from huge industries, and protracted tax assistances. To be qualified for tax reimbursements, numerous small industry proprietors continued to endure small. In adding, these initiatives mostly recycled conservative, often outdated know-how; these did not change and find it essential to participate in zones of excellence or service[5], [6].

**Table 1: Type of Industries and Their Basic Investment Limitation**

| Type of Industry | Investment Limit(Rs) | Remarks |
|---|---|---|
| Small scale industry | One crore | For specific products it is five crores (71 products so far) |
| Ancillary industry | One crore | 50% of output supplied to the parent unit |
| Tiny enterprise | 25 lakhs | No location limit |
| Service and Business (industry related) enterprises | 10 lakhs | No location limit |
| Women enterprise | Any of the above | 51% equity holding by women and managed by women |
| Export Oriented Units (EOU's) | One crore | 100%, EOUs can sell 25% in domestic markets. |

Systematic educations of industries to measure extent to which official HRM organizations have been introduced and experienced are slight. In spite of thrust of competence and essential to contest being recent expansions, it is predictable that grade of validation would still low in Indian industries. It is too expected that lesser enterprises will have smaller formalization than medium scope enterprises.

1. *Role Of Human Resource Department in Small Industries:*

The relationship between the owner and the employee of industry is a crucial factor to achieve desired target of the firm, moreover it is also necessary to run business smoothly without any mayhem created by the worker' union. The aspiration of the owner is the key input in transforming the firm into a suitable place to work where top management can be able to get the output from the worker in order to maximize the revenue, in turn, profit. On the other hand, worker need a good compensation in addition to some sort of security in term of provident fund, gratuity life insurance cover etc. To achieve all these task in a collaborative way, a human resource department (HRD) is needed in order to play a role of mediator between the employees and employer [7].

The Small industries were often family managed besides had unattached with management structure; they were not participate in dedicated technical in addition to professional skills. Though, post liberalization in initial 1990s administration changed its strategies with admiration to defense and has stimulated towards scarcer regulations. Accordingly, many SMEs twisted sick besides were powerless to continue in open market. Others have progressively capitalized in better knowledge, business procedures in addition to marketing. Amongst small industries, in some segments as information knowledge, greater courtesy is being paid to humanoid resource organization practices.

The Figure 3 has been showing the benefit of promotion of a small scale as well as micro scale industries in a nation. It is well known truth that there are a lot of work in such type of industries which does not require the special type of training or does not require the skilled worker, the benefit of this is to engage the many people who don't have good training or good exposure in working in industries, these people can be trained over here. In Indian context, other important thing is that all women don't have good education and technical exposure, therefore these small and micro industries are a good place to get work and grow. This is the way by which unemployment problem of country can be sort out up to an extent.

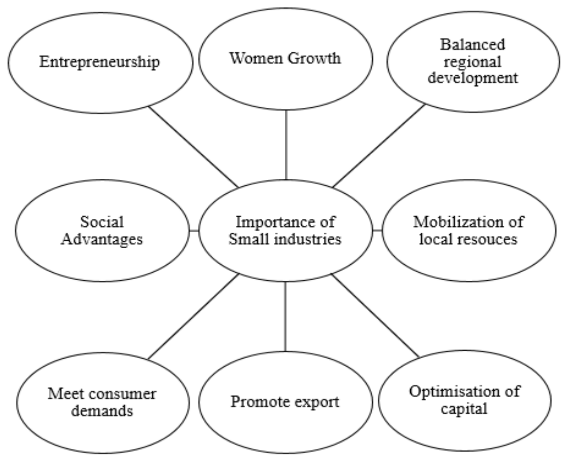


**Figure 3: Importance of Small Industries for Growth of a Nation**

The other benefit is to minimize the social unbalance and regional development as these are several locality in India, where only a small business can be get success as these are very backward and some big industry can be start over there as biggest advantage to incorporate the indigenous people in small scale industries is to solve the problem of language barrier [8]. There are good chance that owner of small industry is also belong to same area and he can easily communicate with their worker in the same vernacular language and it will be easy to motivate the people and also easy to trained them. India is a land of many traditional knowledge and that can be fully utilized in establishing the micro and small industry.

2. *Importance Of Industry in Development and Growth:*

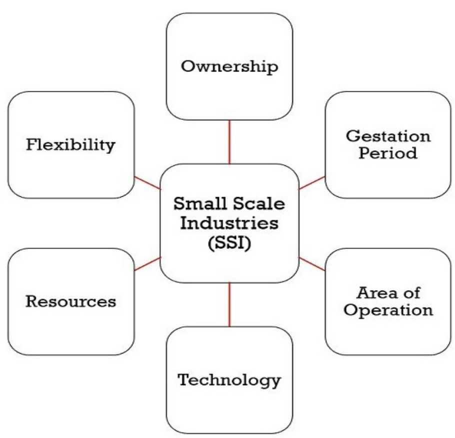


**Figure 4: Attributes of Small Industries to Increase the Adaptability at Work Place**

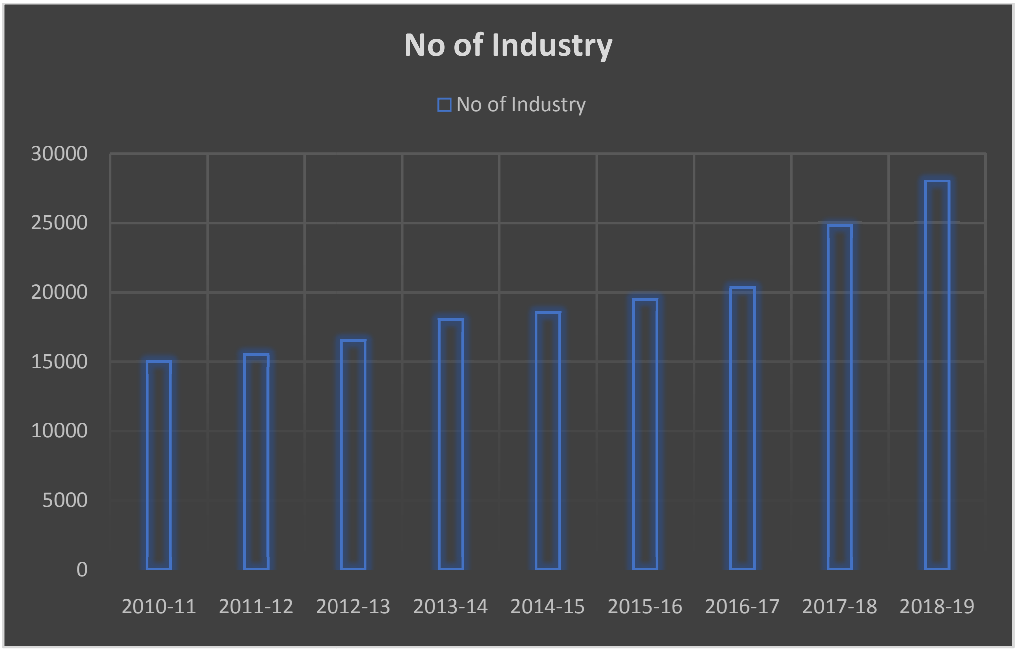


**Figure 5: Increase of Small Industries over the Years** [9]

The industry has a power to promote the jobs and capital in the market and this is best way for increase the financial inclusion between the people. Department of industrial promotion and policy has dedicated to make a frame work to promote the small-scale industries as these industries has less revenue by affected the society at large scale (Figure 4). This is the main segment to offer the job to millions of people in country and also responsible for movement of resources between the state and people the center and state government are very keen to promote industry and also inviting the foreign firm for technology transfer so that Indian firm can also implement the new techniques and innovation in industry (Figure 5).

**Table 2: Illustrating the Types Of Industry in Small and Micro Segment** [10]

| SL. NO. | TYPE OF INDUSTRY |
|---|---|
| 1 | Chocolates |
| 2 | Paper Napkins And Toilet Rolls |
| 3 | Sanitary Napkins |
| 4 | Candle Making |
| 5 | Phenyl Making |
| 6 | Disposable Cups And Plates |
| 7 | Excise Notebooks |
| 8 | Spices |
| 9 | Soaps And Oils |

| | |
|---|---|
| 10 | Camphor And Incense Sticks |
| 11 | Chips And Biscuits |
| 12 | Papads And Fritters |
| 13 | Simple Medical Requirements |
| 14 | Cottage Cheese |
| 15 | Match box |
| 16 | Light Machine and tools |

The government has increased the fund limit provided to the small and micro scale industry as these industries are providing the jobs to the unskilled person and also promote the India 's traditional product and art. The scope of these industries has been increasing to accommodate more people in addition to new innovative idea to widen its scope for product range (Table.2). This will increase revenue generation and contribute more in GDP. The other role of the small-scale industry is to increase the per capita income of the people that will increase their purchasing power parity. the developing countries has a good number of people, who living below the poverty line or at the verge of poverty line, small scale industries are doing well to alleviate the people's poverty by providing them a good opportunity to work.

While paucity mitigation is a wider socioeconomic inventiveness, as showed by Millennium Expansion Goals accepted by United Nations, as industries play a significant part in process since they sell to, employment, or can be shaped by persons residing in deprived nations. Emphases on poor as manufacturers. This is significant because it deliberates chances for poor to upsurge their actual income by employment. The deprived want not only stable engagement but also rational wages that place them overhead poverty line. There are lot of people who are earning well through set up of a small-scale industry and also providing job offer too other.

This is interesting fact that central and state government in addition to foreign and local big companies have to play a critical role in order to support this small business as this business are tend to hire people from that section of society which are really deprived and considered as below poverty line as per government records. These businesses are backbone in poverty alleviation as they offer job to these people. These businesses are creating a shield to protect people to go below poverty line and really have a role of front liner to alleviate poverty. It is needed to hire the people from the bottom of ladder of poverty limit to save their next generation to live in poverty.

The Figure 6 is showing the effect of generation of money to the people, especially people living below poverty line. The richness can be defined as money in hand to use for buying the commodity and these is no absolute rich ness but government has defined the absolute poverty in term of the below poverty line, and small scale and micro business are the key factors to help in alleviation of this poverty. The money is the measurement of the satisfaction in term of the product or services purchased through it. The same factor works in term of overall prosperity of the nation that can be seen in term of the GDP, per capita income and purchasing power parity of the people. This term will move forward if business will do better and people have money and at the same time, they spend the money rather than keep money safe in their hand or their bank account.

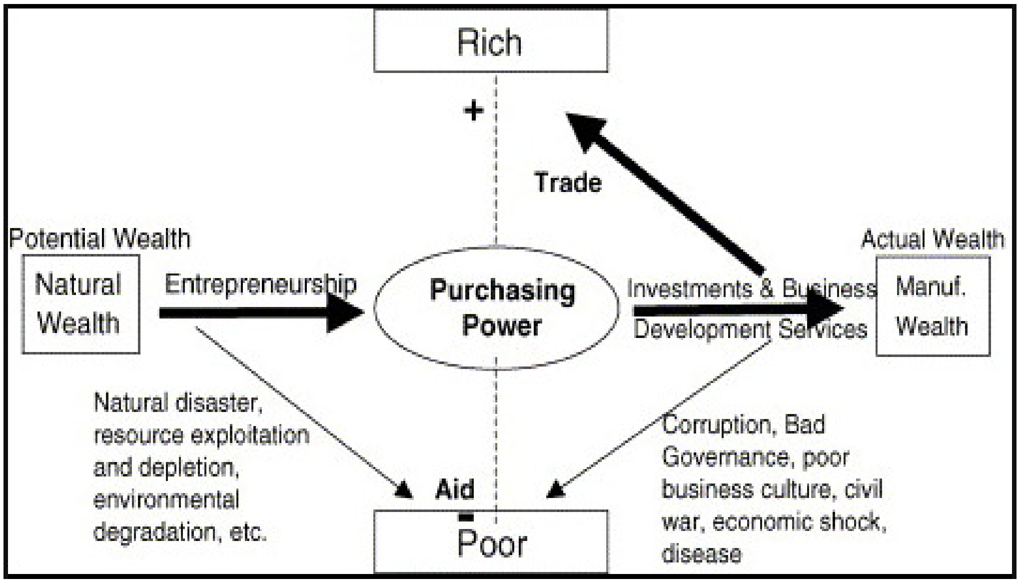


**Figure 6: Dependencies of Economy on Poor and Rich in Developing Countries**[11]

## DISCUSSION

The industrial growth is as important for a nation as a governing body. The net cash inflow and out flow is a basic measurement of growth of the business as foreign money decide the future of industrial revolution in a country in term of sustainability. The number of businesses and their turn over is an important measure for growth of the nation. The industrial growth is directly related with the growth of the people of the nation as problem of the employment can only be solve through a good exposure of industry and the number of industries is proportional to the number of job available in the market. The GDP and Per capita income can be helpful to increase the happiness index of the people and increase their living style. The economic power of a nation and for an individual are important as money can change the thinking of an individual and motivate him to do more aggressively for this nation and native people like many businessmen are doing.

## CONCLUSION

The review of the effect of small industries over the economic condition of the country has been done, especially effects have been analyzed over the GDP, per capita income as well as purchasing power parity. The contribution of the small-scale industries in the economy of nation is significant not only for generating the capital but also solving the problem of unemployment. The center as well as state government have been promoting this segment of industry and also bringing new policies for promotion for these small-scale industries. This paper has concluded that small scale industries can be helpful to alleviate poverty and also capable to upgrade the life of people who live at bottom of ladder of poverty. Thus, apart from contribution in GDP, this segment can solve the problem of unemployment as well. The industrial growth is an only mean which can ensure a multi-dimensional growth for the nation.

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# CHAPTER 3

# IMPACT OF INDIAN GOVERNMENT BUDGET ON ECONOMY

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***ABSTRACT:A budget is created to estimate revenue and expenses. It's not the same as an account, which is only a record of a financial transaction. A budget is an immensely important aspect of every country's economy since it aids in the planning and management of its financial concerns. The fact that revenue and spending do not occur at the same time necessitates the creation of a government budget. The receipt of revenue and the flow of expenditures do not occur at the same time. To attain the goal of economic stability, the government budget is employed to avoid business volatility in inflation or deflation. Through its fiscal strategy, the government seeks to manage the various stages of business volatility.The government's budgetary policies have an impact on public spending. A rise in direct taxes, for example, would reduce disposable income, lowering demand for goods. This drop in demand will lead to a drop in output, which will have an impact on economic growth. The main focus of this article was on the government budget and how it will affect the economy.***

***KEYWORDS: Budget, Economy, Government, Growth, Revenue Receipts.***

## 1. INTRODUCTION

The ability of public budgeting to adapt to changing circumstances and requirements has been established. Planning for economic development through economic growth, employment, and social investment has been one of the most important aspects of public budgeting. A vision for development is provided by a development plan, while the practical framework is provided by a budget. The spending control apparatus is deployed during the transition from a plan to a budget. Premchand looks at how public spending is developing[1].

The steps of planning and budgeting have been completed. To begin with, it was to alleviate the effects of the Great Depression in the 1930s by running budgetary deficits to stimulate economic growth. Second, the rebuilding of war-devastated economies. This necessitated governments taking a more active role in organising their own operations as well as those of the private sector. Rather than the price, the quality of the product and its function in the wider plan were prioritised. The budget was seen as secondary to the strategy. To assist and oversee economic development, the Marshall Plan and national development plans were created. The Indian government was one of the first to undertake systematic economic planning in the early 1950s; the Five-Year Plan laid the groundwork for macroeconomic goals as well as more microeconomic issues[2].

Planning's relative fall as an organised and formal process began in the 1970s, when it was recognised that it did not produce the intended advantages. Many initiatives were economically unsound and failed to produce resources, adding to the government's already precarious financial situation. Active economic planning was perceived in Western industrialised countries as enhancing the role of the state and restricting the functioning of the market[3].

- In the global context, planning must recognise the market and adapt to the workings of a dynamic market system.

- Most nations have made planning a part of their regular budgeting process. The traditional line between plans and budgets is blurring, and both are now part of a medium-term economic strategy.
- The emphasis is shifting away from investment planning and toward macroeconomic stability planning. This necessitates cautious fiscal policies that aim to keep the rate of spending increase under control.
- Analyzing the benefits and drawbacks of proposed initiatives has improved governments' overall policy-making capacities. In certain nations, such as Sweden, periodic evaluations of programme contributions are carried out.
- Development remains a priority, but it has been pushed aside in favour of economic stability, with macroeconomic considerations taking precedence over economic planning.
- Donors have made a significant contribution to the funding of development programmes, and both recipient nations and donors are involved in the entire decision-making process. Aid is almost always conditional.

The focus in budgeting has turned away from inputs and toward the delegation of more financial powers and programmes to agency heads[4]. Sub-allocated resources exist for each programme. The delivery of products and services is the responsibility and accountability of an agency leader. Policy is developed at the highest level and implemented at the agency level. This new public management philosophy emphasises an outputs-based accountability framework in the context of decentralisation, as well as adequate internal controls within spending agencies and a contingency plan[5].

- Contractual payments to non-departmental authorities, independent organisations, and local governments increasingly account for a significant portion of government spending. Governments are becoming into financial agencies, with others handling the actual delivery of services.
- Budgets must be strengthened to accommodate globalisation, and governments are focusing more on increasing productivity in government organisations.
- The continuous separation of policymaking and financial management is an issue. Financial management must be a key component of policy development and execution.
- Supply-driven spending was a part of traditional economic planning. The link between resource shortages and real spending grew increasingly hazy, allowing for mounting deficits. In the event of a higher-than-expected deficit, trigger mechanisms have been implemented to re-evaluate entitlement benefits.
- Moderating spending growth necessitates policy changes and a greater focus on resource conservation rather than demand.

Although the budget document refers to the government's income and expenditures for a certain fiscal year, it will have an influence on future years. As a result, two accounts are required: the income account also known as the revenue budget, and the capital account, which contains the government's assets and obligations also called capital budget[6]. It is necessary to first comprehend the government budget's objectives in order to comprehend the accounts.

The government has a critical role to play in improving people's well-being. The government does this through intervening in the economy in the following ways. Allocation Budgetary Functions of the Government Certain commodities and services are given by the government that cannot be provided by the market system, i.e. by individual consumers and producers exchanging goods and services[7]. National defence, highways, government administration, and other public goods are examples of these types of products. To see why the government is required to supply public goods, we must first comprehend the distinction between private commodities such as clothing, automobiles, and food, and public goods. There are two significant distinctions.

One, the advantages of public products are available to everyone and are not limited to a single customer. If a person consumes a chocolate or wears a clothing, for example, these items will be unavailable to others. It is argued that this person's consumption is in direct competition with that of others. The advantages, on the other hand, will be available to everybody if we contemplate a public park or efforts to minimise air pollution[8]. One person's consumption of an item does not limit the amount accessible for consumption by others, allowing many persons to profit from the advantages, i.e., multiple people's consumption is not 'rivalrous.' Two, in the case of private products, anybody who does not pay for them may be denied access to their benefits[9]. In the case of public goods, however, there is no practical method to prevent anybody from benefiting from the good. It is for this reason that public goods are said to as non-excludable. Even if some users do not pay, collecting fees for the public benefit is difficult, if not impossible. 'Free-riders' are the term for non-paying users.

Consumers will not willingly pay for anything they may acquire for free and for which they do not have exclusive ownership of the property. The payment procedure breaks the relationship between the manufacturer and the customer, and the government must step in to provide for such items. However, there is a distinction to be made between public provision and public creation. They are referred to as "public provision" since they are funded through the budget and can be used without requiring a direct contribution. The government or the private sector can generate public goods. The term "public production" refers to commodities produced directly by the government[10]. The Government Budget's Redistribution Function We know from chapter two that the country's total national income is split between the private sector, which includes businesses and people (known as private income), and the government (known as public income). Personal income is the amount that eventually reaches families from private revenue, while personal disposable income is the amount that can be spent. By providing transfers and collecting taxes, the government has an impact on people' own disposable income. The government may use this to alter the distribution of income and achieve a 'fair' distribution in society. This is the function of redistribution.

Stabilisation Budgetary Functions of the Government The government may be required to adjust income and employment variations. The amount of aggregate demand, which is determined by the spending choices of millions of private economic agents other than the government, determines the overall level of employment and prices in the economy. These selections are influenced by a variety of circumstances, including income and credit availability. In any given era, the amount of demand may not be sufficient to fully use labour and other economic resources[11]. Because salaries and prices do not fall below a certain level, employment cannot be restored automatically. To increase aggregate demand, the government must interfere. On the other side, there may be occasions when demand outstrips available output in periods of strong employment, resulting in inflation. In such cases, it may be necessary to impose restrictive measures in order to minimise demand. The government's involvement, whether to increase or decrease demand, is the stability function.

### *1.1 Classification of Receipts Revenue Receipts:*

Revenues that do not result in a claim against the government are referred to as revenue receipts. As a result, they are referred to as non-redeemable. There are two types of revenue: tax and non-tax. Tax revenues have traditionally been split into direct taxes (personal income tax) and companies (corporation tax), as well as indirect taxes such as excise taxes (duties charged on commodities produced inside India), customs duties (taxes imposed on items imported into and exported out of India), and service tax1. Other direct taxes, such as the wealth tax, gift tax, and inheritance duty, which have all been repealed, have never generated a significant amount of money and have thus been referred to as 'paper taxes.' The goal of redistribution is to be realised by progressive income taxes, which means that the higher the income, the higher the tax rate[12].

Firms are taxed on a proportional basis, meaning that the tax rate is based on a percentage of earnings. Excise taxes are divided into three categories: necessities of life are exempt or taxed at low rates, comforts and semi-luxuries are moderately taxed, and luxuries, tobacco, and petroleum products are heavily taxed[13]. The central government's non-tax revenue is mostly made up of interest payments on loans, dividends and profits on investments made by the government, and fees and other revenues for services given by the government. Foreign assistance donations and international organisations' cash grants are also covered. The revenue collections projections take into consideration the implications of the Finance Bill2's tax provisions. Receipts of Capital: The government also obtains funds from the sale of its assets or through loans. Loans must be repaid to the lending agencies from whence they were obtained. As a result, they become liable. Sale of government assets, such as shares in Public Sector Undertakings (PSUs), is referred to as privatisation. In Figure 1 shown the government budget.

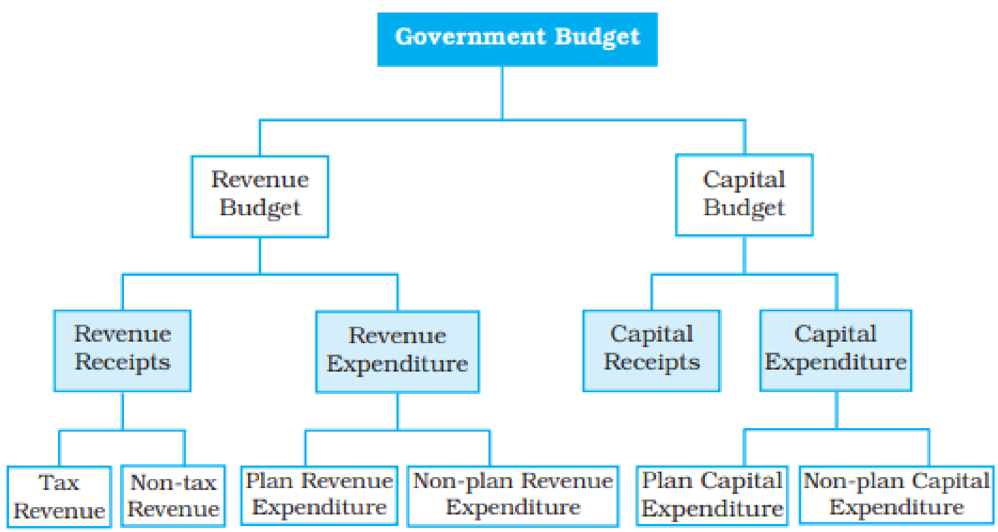


**Figure 1: This shows the government budget with revenue budget and capital budget.**

*1.2 Impact of Budget 2021 on Indian Economy:*

The country has reacted positively to Budget 2021, praising its realistic foundation and systematic approach at a time when the state has been grappling with the epidemic over the previous year. It is safe to say that the Union Budget 2021 was not a budget like previous ones, particularly after the Covid-19 pandemic, because it focuses on reviving every sector of the Indian economy, including infrastructure, rural development, farmer welfare, hospitality, aviation, and the service sector[5]. The finance minister presented the Budget 2021 on a tablet device, which is symbolic in that it was "Made in India" without the use of paper while also supporting the Atma Nirbhar Bharat.

As a result, the Budget 2021 is themed as a self-sufficient country with an aim to become self-sufficient and independent of other countries by cutting imports and transforming India into a technology-driven digitalized economy. The whole Union Budget for 2021-22 was built on the following six pillars:

1. Health and Well-being of the Nation
2. Physical, financial capital and infrastructure,
3. Inclusive development for aspirational India,
4. Strengthening Human Capital,
5. Innovation and R&D and
6. Minimum government and Maximum governance.

Each of the pillars listed above is meant to boost the economy by contributing to each of the sectors and assuring the nation's holistic growth. Let's take a closer look at these budget proposals and their economic implications[14].

*1.3 Impact on Small Companies, LLPs and OPCs:*

The changes proposed in the criteria for defining "Small Companies" as announced in the Union Budget 2021-22 are expected to directly benefit nearly 200,000 companies in India, who will face fewer compliance procedures, fee payments, and penalties as a result of the changes proposed in the Union Budget 2021-22.

Redefining the criteria of recognition for a “Small Company”

The proposed Budget 2021-22 raises the paid-up capital criterion for "Small Companies" from Rs 50 lakh to Rs 2 crore, and the turnover level from Rs 2 crore to Rs 20 crore. As a result of such businesses, –

i. Will no longer be obliged to prepare cash flows as part of its financial statements, and will only be required to conduct two annual board meetings.
ii. While other corporations are required to publish specifics of pay paid to directors and senior management people in their annual reports, small businesses would only be required to submit aggregate information of remuneration drawn by directors[15].
iii. Such companies will be excluded from the obligation of required auditor rotation.

iv. In the absence of the company secretary, such firms will have the benefit of having a single authorised director sign papers such as the annual return of the company.

*1.4 Proposals made for LLPs:*

i. The Union Budget for 2021-22 also proposes the creation of a new LLP class known as "Small LLP," which would provide the similar advantages and compliance requirements as "Small Companies." "Unincorporated micro and small partnerships would be incentivised to transition into the organised structure of an LLP and reap the benefits," the senior official stated.
ii. As many as 12 crimes and one provision under section 73 of the Companies Act 2013 involving criminal responsibility are proposed to be decriminalised. Such offences would be subject to an internal adjudication procedure to help reduce the burden of routine cases on the criminal courts.
iii. LLPs have also been proposed to be able to obtain capital through the issuance of fully secured Non-Convertible Debentures (NCDs) as an alternative for equity participation from SEBI or RBI-regulated investors.

*1.5 Ease of compliances for OPCs to be carried by Non-Resident Indians (NRIs):*

To encourage the formation of one-person companies (OPCs), the budget proposes removing all restrictions on paid-up capital and turnover, allowing OPCs to be converted into any other type of company at any time, and lowering the residency requirement for an Indian citizen to set up an OPC from 182 days to 120 days[16]. This decision by the government is likely to assist start-ups and innovators in the nation, particularly those that provide products and services through e-commerce platforms, as well as bring more unincorporated firms into the formal corporate sector.

*1.6 Stronger Reforms Including Market Demand & Supply:*

Despite the harsh and persistent lock-downs that occurred last year, the newest economic study indicates that growth will continue, which is better than any other country in the world. The V-shaped recovery is fuelled by a harsh lockdown at first, followed by respite, financial and legal forbearance, and a little amount of cash in the hands of the lowest. This was followed by a measured opening up, which included extending the fiscal year, which resulted in an accounting surplus, FDI and FPI flows, and a record foreign currency reserve of $586 billion.

As a result, deeper reforms and measures on both the supply and demand sides of the economy are necessary. Investment in health, education, innovation, infrastructure, digitization, and state-owned bank recapitalization have all been announced.

For the fiscal year 2020-21, the Union Finance Minister has declared that FDI in the insurance sector will be increased from 49 percent to 74 percent. This move would have a significant influence on the Indian economy, and the government has expressed its gratitude for it. For many years, the same has been demanded, and it has the potential to attract significant international investment and strengthen the insurance business[17].

In addition, the government intends to disinvest in important areas, allowing for innovation through privatisation. The Union Finance Minister has suggested divesting from Air India, BPCL, CONCOR, Pawan Hans, BEL, IDBI, Shipping Corporation, and other companies, as well as an initial public offering (IPO) in LIC, all of which would be completed by the end of 2022, with a goal of Rs 1.75 lakh crore for FY22.

Policies relating to disinvestment/strategic disinvestment are anticipated to reduce the position of central public sector companies, such as financial institutions, while opening up new investment opportunities for the private sector.

*1.7 Infrastructure Building including Rural Infrastructure:*

For those unfamiliar with the Union Budget 2021-22, infrastructure development was reaffirmed as one of the six pillars for the strengthening and expansion of the Indian economy. As a result, the Budget recommends increasing the number of projects in the National Infrastructure Pipeline Program from 6,835 to 7,400.

Such infrastructure investment, which includes the construction of new roads, train lines, and other social and economic infrastructure, aims to attract foreign investment and contribute to the economy's development[18]. The goal of the National Infrastructure Pipeline is to invest in a variety of projects, including energy, social and commercial infrastructure, communication, water, and sanitation. The same would inevitably need greater money from both the government and the financial industry, and the following three initiatives have been advocated to ensure this:

i. Creation of unorganised structure
ii. More Emphasis on Asset Monetisation
iii. Augmenting Capital expenditure percentage in central and state budgets respectively.

Furthermore, the government has placed a focus on meeting the finance needs of such critical infrastructure projects through the National Bank for Financing Infrastructure and Development, which has a three-year loan target of Rs 5 lakh crore.

Compared to an expected budgetary outlay of 10% on infrastructure in 2020-21, which was Rs. 4.39 lakh crore, the Government's commitment of Rs.5.54 lakh crore in 2021-22 has placed a greater emphasis on infrastructure development projects, and their continued commitment has been warmly welcomed by the Government, which sees infrastructure as a key enabler for GDP growth in the future.

*1.8 Impact on Senior Citizen, NRIs and Salaried Class:*

In Parliament, Union Minister Nirmala Sitharaman presented her third Union Budget, which lays out six pillars of strength for the Indian economy's wellbeing and prosperity: physical, monetary capital, and framework, comprehensive advancement for optimistic India, reviving human resources, development, and R&D, and least government and greatest administration. In the politically polarised states of Tamil Nadu, West Bengal, Assam, and Kerala, this Budget has announced a total investment of about Rs 2 trillion for medical care and mega public highway projects.

The government has recommended that senior citizens of the nation (those aged 75 and up) who do not receive any income other than pensions and interest on deposits be exempt from filing and submitting ITRs. However, any interest earned on a PF account that exceeds the Rs 2.5 lakh limit would be taxed.

Due to the pains and problems suffered by Non-Residents with their foreign earnings on retirement as a result of taxation data mismatches, the Union FM proposed that taxation incomes be notified of guidelines to avoid such hardships. Though PF interest income has been placed under taxes, the government has decided to prolong advantages on home purchase plans with no change in taxation rates for the average salaried class. These actions are likely to have a favourable influence on the economy once again.

*1.9 Encouraging and Promotion of Women Workforce in the Economy:*

It's also worth remembering that the COVID-19 epidemic has mostly impacted women's employment, pushing many to leave the job. According to the Centre for Monitoring Indian Economy, India's female workforce interest is at an all-time low of 21%, down from 25%, due to an increase in the number of employment lost by women. Following Nirmala Sitharaman's introduction of the Union Budget 2021 in parliament, the Government of India recommended allowing women to work all shifts in order to increase their employment and involvement in the workforce. With the construction of two antibodies in India that will ensure a return to normal financial mobility, the measures described are well-thought-out and appear complete, especially given the IMF's forecast of double-digit growth for India. This measure is likely to result in a 1-2 percent increase in the number of women working in the economy.

*1.10 Impact of Changes proposed to Income-Tax Provisions and a Digitalized Economy:*

According to India's Union Finance Minister, our country requires a tax structure that places the least amount of pressure on the Indian people. A faceless dispute redressal mechanism, through a Faceless Income Tax Appellate Tribunal Centre, is proposed to be launched, making the system more transparent through electronic communication and without any prescribed limits of jurisdiction, and the same is to be facilitated through proposed reductions in time-lines for income tax proceedings. As a result, the FM has stated that the case assessment period would be lowered from six years to three years.

In light of the government's previous decision to remove Dividend Distribution Tax (DDT) from the hands of companies and place it in the pockets of investors, the FM has proposed that dividend payments to Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InviTs) be exempt from TDS payment in order to encourage more investment. Foreign Portfolio Investors, or FPIs, were also permitted to deduct dividend income at a reduced treaty rate.

The Indian government has proposed establishing a dispute resolution mechanism for individual taxpayers with a total tax liability of up to Rs. 50 lakhs and disputed income of up to Rs. 10 lakhs, to be resolved through a Dispute Resolution Committee, with the goal of avoiding lengthy litigation procedures and encouraging dispute resolution in a timely and transparent manner. Finally, the cap on tax audits has been raised from 5 crores to 10 crores, in order to stimulate a digital economy and decrease compliance, with such persons doing 95 percent of their entire transactions online.

## 2. DISCUSSION

Various Points of View on the Appropriate Level of Government Debt: There are two sides to the problem that are intertwined. The first is whether government debt is a burden, and the second is how to pay for it. Debt burdens must be handled with the understanding that what is true for one small trader's debt may not be true for the government's debt, and that the 'whole' must be treated differently than the 'part.' The government, unlike any individual trader, has the ability to raise funds through taxation and money printing. The government shifts the burden of lower consumption to future generations via borrowing. This is because it borrows by issuing bonds to current residents, but it may elect to pay off the debts by raising taxes twenty years later. These might be imposed on the young people who have recently entered the workforce, lowering their discretionary income and, as a result, their consumption.

As a result, it was suggested, national savings would decrease. Furthermore, government borrowing from the public diminishes the private sector's savings. Debt works as a 'weight' on future generations to the extent that it hinders capital formation and growth. It has long been assumed that when a government lowers taxes and runs a budget deficit, consumers respond by spending more of their after-tax income. It's probable that these folks have poor vision and are unaware of the consequences of financial deficits. They may not realise that the government will have to raise taxes at some time in the future to pay off the debt and accrued interest. Even if they understand this, they may anticipate future taxes to be paid by future generations rather than them.

A competing viewpoint is that customers are forward-thinking and will spend based on their predicted future income as well as their current income. They'll realise that borrowing now means paying greater taxes afterwards. Furthermore, because they are the children and grandchildren of the current generation, and the family, which is the essential decision-making unit, continues to live, the consumer will be worried about future generations. They would boost saves today to completely balance the increased government dissaving, resulting in no decrease in national savings. Ricardian equivalence is named after David Ricardo, one of the best nineteenth-century economists, who was the first to demonstrate that when there are large deficits, individuals save more. It's termed 'equivalence' because it claims that borrowing and taxing are both comparable ways to fund spending.

When the government spends more now by borrowing money that will be returned later with higher taxes, it has the same effect on the economy as if the government spends more today by raising taxes. The argument that "debt doesn't matter since we owe it to ourselves" has been made many times. This is because, while resources are passed down down the generations, purchasing power remains inside the country. Any debt due to a foreigner, on the other hand, is a hardship since we must transfer things overseas to cover the interest payments. Other Viewpoints on Debt and Deficits: One of the most common accusations levelled about deficits is that they cause inflation. This is because when the government spends more or lowers taxes, aggregate demand rises. At current pricing, businesses may not be able to manufacture bigger quantities that are required. As a result, prices will have to rise. However, if resources are underutilised, output is hampered by a lack of demand.

A large budget deficit is associated with increased demand and output, thus it is not always inflationary. It has been suggested that a fall in the quantity of savings accessible to the private sector causes a decline in investment. This is because if the government chose to borrow from private individuals by issuing bonds to cover its deficits, these bonds will compete for the available supply of money with corporate bonds and other financial instruments. If some private savers chose to buy bonds, the cash available for private investment will be reduced. When a result, as the government claims a larger proportion of the economy's overall savings, some private borrowers will be pushed out of the financial markets. . However, unless we believe that income cannot be increased, the economy's flow of savings is not truly fixed. If government deficits succeed in increasing output, there will be more revenue and, as a result, greater savings. Both the government and business may borrow more in this circumstance. Furthermore, future generations may be better off if the government invests in infrastructure, assuming that the return on such investments is larger than the rate of interest. The actual debt might be repaid as a result of increased productivity. As a result, the debt should not be regarded onerous. Debt growth will have to be measured against overall economic growth.

## 3. CONCLUSION

The Budget impacts the economy, the interest rate and the stock markets. How the finance minister spends and invests money affects the fiscal deficit. The extent of the deficit and the means of financing it influences the money supply and the interest rate in the economy. High interest rates mean higher cost of capital for the industry, lower profits and hence lower stock prices. The fiscal measures undertaken by the government affect public expenditure. For instance, an increase in direct taxes would decrease disposable income, thus reducing demand for goods. This decrease in demand will translate into a decrease in production, therefore affecting economic growth. Similarly, an increase in indirect taxes would also decrease demand. This is because indirect taxes are often partially or completely passed on to consumers in the form of higher prices. Higher prices imply a reduction in demand and this in turn would reduce profit margins of companies, thus slowing down production and growth.

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# CHAPTER 4

# INDIAN ECONOMY: RISING TO GLOBAL CHALLENGES AND STUDY THE FACTORS BEHIND THE GROSS DOMESTIC PRODUCT (GDP)

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***ABSTRACT: gross domestic product (GDP) is a financial the market value of all final goods and services provided by governments at a particular time is an indicator. GDP is a quantitative indicator of the financial valuation of a country's final goods and services produced over a given time, such as for a quarter or a year. It is a metric that measures all goods manufactured within a national boundary. GDP is important because it gives data on the health and profitability of a country's economic development. The rate of growth in reals is commonly cited as a measure of the economic general well-being of a country. The focal goal of this paper is to understand the factors that help in understanding GDP as well as the important aspects that affect GDP. It is also observed that the demand-supply equilibrium must be at the same level, or the level of demand must be higher to raise the GDP limit. The present study examines the factors affecting the GDP of India.***

***KEYWORDS: Economy, Employment, Financial, Gross domestic product (GDP), Growth Rate.***

## 1. INTRODUCTION

The gross-domestic-product-(GDP) is a good measure of the overall health of the economy as it reflects the entire volume of a country's exports and, consequently, all goods and services produced in the country as well as those used by individuals, corporations, immigrants. and government institutions [1]. It is used by almost all administrations and political decisions as a development and strategy formulation barometer. It can be used to evaluate whether a business is improving or shrinking, what stimulus or restraint is needed, and whether a disaster or concerns such as inflation seem to be on the horizon. In recent years, the GDP of a country like India has grown at a faster rate. In terms of GDP structure, the percentage-shares of different areas drink reformed dramatically [2]. The percentage ratio of husbandry to total GDP has decayed, while the measurement contribution of amenities to GDP is increasing at a faster rate.

India's economy is one of the world's fastest expanding. In terms of nominal GDP, India's economy is the sixth biggest in the world. By purchasing power parity, it is the third biggest country's purchasing power parity (PPP) [3]. One of the most important determinants of a country's standard of living is its GDP. There are three approaches for estimating it: output method, input method, and spending method. The rise of services has propelled economic growth, which has been consistently faster than other sectors. The demand-side and supply-side factors that influence growth are divided into two groups [4]. Human resources, money, technological progress, and the political environment are some of the factors that influence development. India ranks 11th in the service sector and 12th in the manufacturing sector. In India, the agriculture industry contributes significantly more than the global average. The present study highlights research on Indian economic development using GDP as a metric [5].

GDP is relevant because it takes into account the structure and strength of the economy. The rate of GDP is often cited as a measure of a country's economic overall health. Growth in average GDP is considered a sign that the economy is doing well globally [6]. Employers are more willing to hire additional workers for their factories when real GDP has expanded significantly, and people have money in their pockets. Employment generally falls when GDP declines, as happened in many countries during previous market crises. In some cases, GDP may improve, but not already enough to create enough jobs for unemployed people. The economic value of the final goods provided in a country within a specified time that is consumed by the end-user, such as a quarter or a year, is determined by the domestic product [7]. It is a metric that measures all the services and goods provided within the territory of a country. Gross domestic product is primarily made up of services and goods offered for sale to the public as well as some output such as Treasury defense and services and resources [8]. GDP, or GNP, is a different notion that calculates the output of all the people in a country and Figure 1 also shows how GDP can be measured.

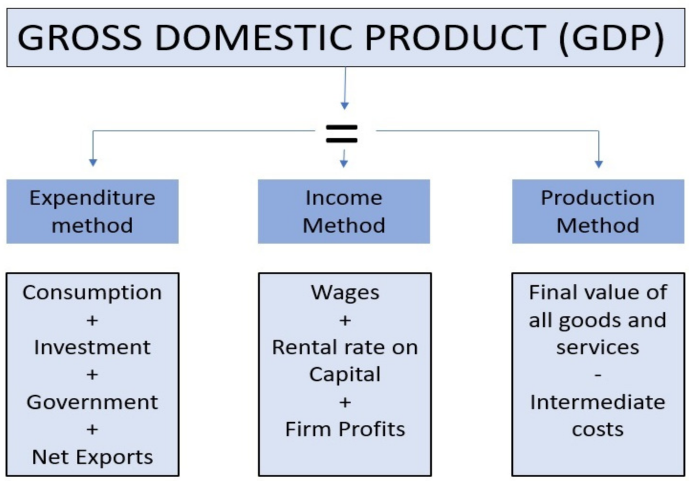


**Figure 1: This will show how can find the GDP with the help of the Expenditure, Income, and Production Method.**

Gross Domestic Product (GDP) has a direct impact on companies. Firms in a growing economy with rising GDP may be a bit more active and expand with the economy, however businesses in a falling economy with negative GDP growth must dramatically cut spending and increase their exposure to revenue streams, markets, and strategy [9]. Must focus. It will be beneficial for the company management to understand the important factors driving GDP growth. The most inverse to GDP growth is workforce performance and total duration of work by the total labor force. GDP is calculated by multiplying labor productivity by the size of the workforce. The money earned from one man-hour in a country is known as labor productivity. It indicates that as labor productivity increases, so does real GDP per capita (provided the number of hours worked in a year does not decrease. The increasing working power is responsible for the increase in the total working hours [10]. This indicates that a declining labor force will reduce real GDP if the increase in productivity is greater than the decline in the labor force. If worker productivity and workforce size both expand at the same time, we can achieve rapid growth in real GDP.

Now the question is how to increase labor productivity. The simple answer would be that we increase labor productivity by saving and investing in physical capital, such as plants, materials, and machinery that generate revenue and improve the revenue marginal product of labor, thus the amount of real income increases and developing human capital, such as improving the expertise and competence of the workforce or individuals working in this industry [11]. This indicates that investing in the individual's training and education can help them work more efficiently. Authors also see an increase in labor productivity as workers become more comfortable with their daily routines, solve problems faster, and solve challenges, increasing output or GDP [12].

Another important component that must be incorporated into a country's culture if it is to continue to increase labor productivity is invention. Innovation is the creation and strengthening of the country's education system around innovation. This includes both government and business sector organizations investing in Research and Development (R&D). The development of new technology will boost productivity [13]. This means that top-notch school and college education, as well as excellent universities with a strong concentration on R&D, will be critical to a country's prosperity. Consider how information technology has evolved in the previous 20 years, helping individuals and businesses to become more productive. New technologies have arisen in businesses based on strong internet, network, and communication capabilities, allowing enterprises to be more constructive [14]. Due to advancements in science and technology man has increased his economic output manifold. For example, due to the introduction of new manufacturing processes and technology, the production of food grains and other commodities increased tenfold.

The fast GDP growth rate is also aided by good infrastructure. With a strong infrastructure, goods are moved rapidly from one place to another, thereby increasing our production. Entrepreneurs turn R&D insights into real-world business stuff [15]. As a result, a culture that encourages entrepreneurship helps GDP growth. The size of our workforce is another important factor that has a significant impact on real GDP. Due to negative demographic change, population sizes are falling in several states, specifically in Europe, exerting significant pressure on the GDP of those countries [16]. On the other hand, in countries such as India and China, the large-scale workforce has now become a tremendous resource, which has led to increased employment levels, as the removal of economic barriers has resulted in the huge global market opening up to these economies. If the population of these countries is educated and skilled, this workforce will become even more profitable for these countries. Therefore, it is no surprise that China and India are currently spending heavily on labor training and education [17].

The declining workforce of many industrialized countries will continue to be a matter of concern in terms of economic growth. The traditional belief is that a slighter populace is recovering because scarcer individuals exert less pressure on imperfect ordinary possessions and therefore share a greater share of the limited economic pie. Malthusian thought is being questioned at present. Technology and science innovation have increased the portion size of the pie for everyone [18]. The explosion in agricultural production due to better seeds, fertilizers, pesticides, and new methods of farming allowed agricultural production to increase manifold. New types of machinery have enabled the introduction of novel items in the bazaar leading to increased efficiency.

For example, vehicles, mainframes, other Information Technology (IT) apparatus networks, cellphones, new-medical technology, and new drugs have enabled unrestricted monetary growth. In industrialized economies, innovative pollution management measures Contributed to the reduction of pollutants in the environment and air, and efforts have been made to achieve long-term environmental issues [19]. Alternative liveliness sources such as solar and wind and nuclear and hydrogen are being investigated. It appears that as long as new technologies exist, new goods will endure to enter the market and be purchased by customers, thereby increasing economic output. Selected kingdoms are not bright to assistance from this expansion due to their declining population. As a consequence, the aggregate output level of these civilizations is always either stable or unfavorable, or negligible.

There is a call for India to accelerate its growth in a way that is sustainable and meets the ambitions of its rapidly growing workforce. In the coming ten years to 2030, India will need to generate at slightest 90-million new non-farm works to accommodate the 61million different employees entering the workforce due to the contemporary demographics, and a supplementary 31million employees. If an estimated 56 million women entered the labor force, India's need for job creation would be stronger, at least to some extent correcting past under-representation [20]. To achieve this level of meaningful and productive employment growth, India's GDP would need to grow at an average of 8.00 to 8.50 percent per annum over the next time, or nearly double the pace of growth of 4.2 percent in FY20.

From 2023 to 2030, net employment should grow at 1.5 percent per year, close to the normal rate achieved by India from-2000 in 2012, but copious developed than the steady net employment from 2013 to 2018. At the equal while, India will have to continue an annual efficiency evolution of 6.6% to 6.9%, as it did from 2013 to 2018. The two goals are not mutually exclusive; In fact, job growth cannot be sustained without strong production progress, and vice-versa. If India refuses to discourse pre-pandemic tendencies of plane full-time work and pecuniary uncertainty, as well as adequately sustain the brunt of the crisis, its financial system will grow by only 5.5 to 6.0 percent from 2023 to 2030, which will only increase annually by 5%, and accumulate but nearly six-million new employees, coloration a time of missed opportunities [21].

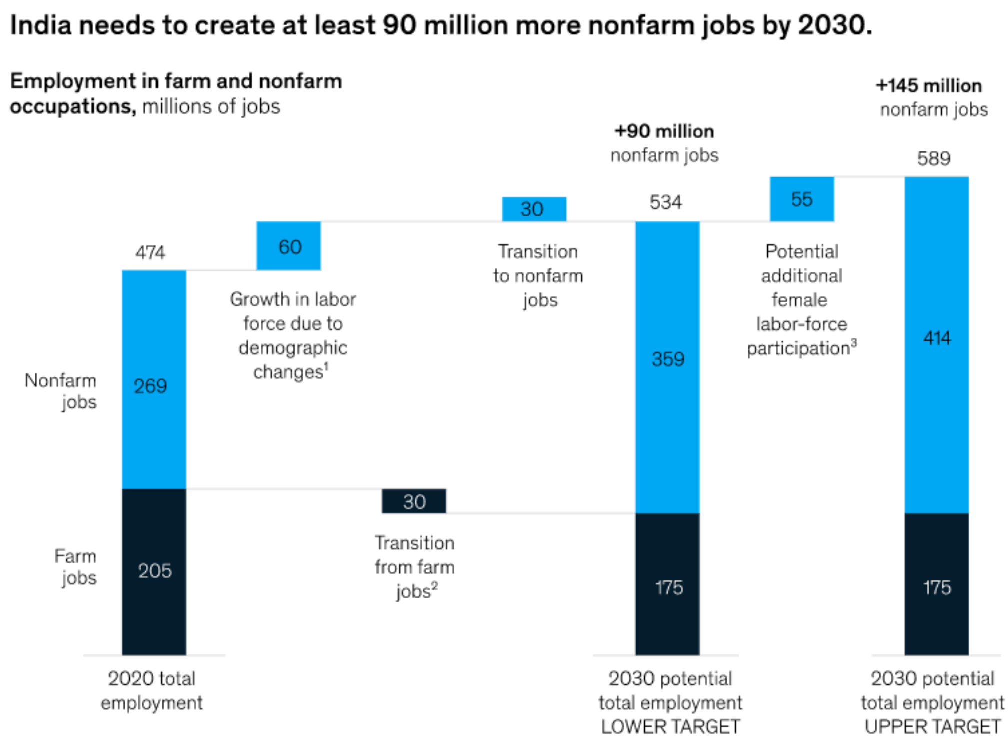


**Figure 2: This will represent the economic development India needs to arrange the nonfarm jobs which help for the economic growth** [2]**.**

India has a solid trail highest to depend on: it is one of just eighteen performing developing countries to accomplish steady and dependable-high-growth over the last three decades.

Productivity increased as a result of pro-growth measures, and the economy was better able to climate shockwaves and sequences. Since 1992, real GDP progress has been around 6.8% per year, and it has been inclusive; economic success has resulted in considerable increases in the standard of living. More than 270 million individuals fled absolute poverty in 2005. GDP is calculated using one of three methods. The income approach, revenue approach, and expenditure strategy are the three methods. The most common strategy is the production approach, in which the final total is calculated from the sum of all enterprise classes. The method of spending is based on the idea that everything created must be bought by someone. As a result, the valuation of mechanical parts will be equal to the full cost of their acquisition. The production method, last but again not least, is built on the assumption that producer profit will match the price of goods, and GDP is measured as the sum of the incomes of all production company's manufacturers incomes?

GDP cannot be considered legitimate in countries like India, where most individuals get their income in cash rather than in a bank account. In addition, the service bills of vendors are paid in cash. As a result, such transactions are not considered and are not included in the final GDP. The Digital India program, which was marketed after demonetization, was initially successful. However, it is noted that a year after demonetization, many people have returned to paying in cash instead of paying digitally. With the implementation of GST in India's domestic market, most of the shops have come under government control, and now they have to pay all the collected taxes monthly to boost the GDP. In the traditional economic model, the value system was fundamental. Income is either used for immediate consumption or set aside for future use Figure 2 economic development India needs to arrange the nonfarm jobs by 2030.

### 1.1 Factors affecting economic development:

Economic growth includes an increase in real income other markers of well-being include higher education, infrastructure development, reduction in unemployment, and improved health care. Job expansion requires a mix of peace and stability, innovation, and government resources efforts, as seen in Figure 3.

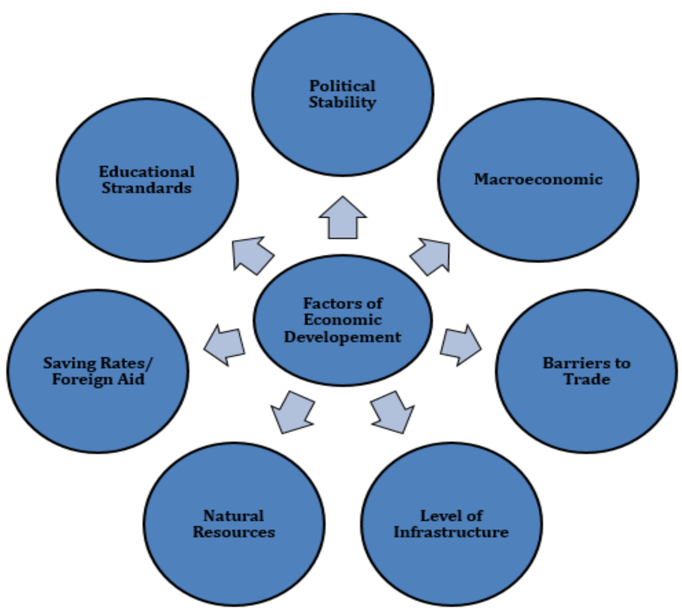


**Figure 3: This will represent the different factors for helping economic development.**

- *Levels of infrastructure:*Increased investment in roads, trains, and ports has helped Central Africa's economic progress in recent years. A portion of this investment has been contributed by Chinese corporations with a vested curiosity in shipping fresh supplies from Africa to China.
- *Education:*Educational standards and norms partake in an extensive impression on employment efficiency. It is unimaginable for a business to switch from human labor to mechanized production in the service sector to new high-tech occupations without basic readiness and numeracy. For example, India's high educational standards have paved the way for expansion into provision productions such as IT and call centers.
- *Outbound investments volumes:*Due to Emerging economies that can recruit inbound investments can drive enormous growth and entrepreneurship due to rising levels of human capital and the rewards of actually bringing MNCs into their industries. The upward investment appears to be important for the growth of the newly industrialized country's economies. Notably, Brazil acquired Internal Development in 2011 for $101 billion.
- *Sufficient capital accumulation:*Reserves and capital are seen as an important aspect in persuading evolution in the economy in progress representations such as Harod-Domars. A good loop of the increased venture, quicker productivity, and therefore larger hoards is empowered by sophisticated hoards.
- *Political stability/Law and direction:*Security and prosperity, as well as the protection of privately owned assets, are now the most important aspects to attract investors to expand into underdeveloped countries. Investing in emerging economies increases the potential for social and political instability.

Because GDP is only an aggregate metric, it refers to a country's citizens. Even if the economics of society is highly developed or getting better all the time, there is still a huge disparity between the rich and the poor. These discrepancies fall within the appropriate range of governments based on race, geography, sexuality, culture, or another minority status. If the national income is too upward sloping, it can result in inaccurate estimates of socioeconomic well-being, as the poorest residents will not personally benefit from the full amount of wealth and revenue earned in their society. When there is too much inequality, even figures such as GDP per capita can be deceiving.

## 2. DISCUSSION

The answers to India's economic problems are unlikely to be simple or quick. The IMF and others were not only reacting to the recession when they expressed alarm in October. He questioned the stability of the country's development, which had little private investment and was aided by cheap oil imports and he called for long-term structural reforms to make the economy more effective and less dependent on the government.

Modi, who was re-elected as Prime Minister in 2019, has put forward several changes in recent months. Reduction of corporation tax rates from 30% to 22%; reduction of corporation tax rates for investments in Greenfield manufacturing units from 25% to 15%; strengthening of foreign direct investment limits in various industries and authorizing interest rate cuts are one of them. His government has also effectively reduced red tape, moving India from 134th to 77th in the World Bank's Affluence of Liability Occupational rankings.

It has so far failed to revive the economy. The existing labor and land acquisition rules are out of date and should be updated immediately to restore corporate confidence. For example, construction companies with more than 100 employees must obtain government authorization before laying off employees, which makes it difficult for them to boost efficiency and adapt to new technologies.

The government will have to do even more to reform the banking industry, including stricter lending laws and increased regulatory oversight. Unless such issues are addressed, it is impossible to imagine India living up to its immense potential. Figure 4 depicts the different sectors fulfilling their duties in ensuring the effectiveness of GDP, as well as the proportion of each sector's contribution to GDP.

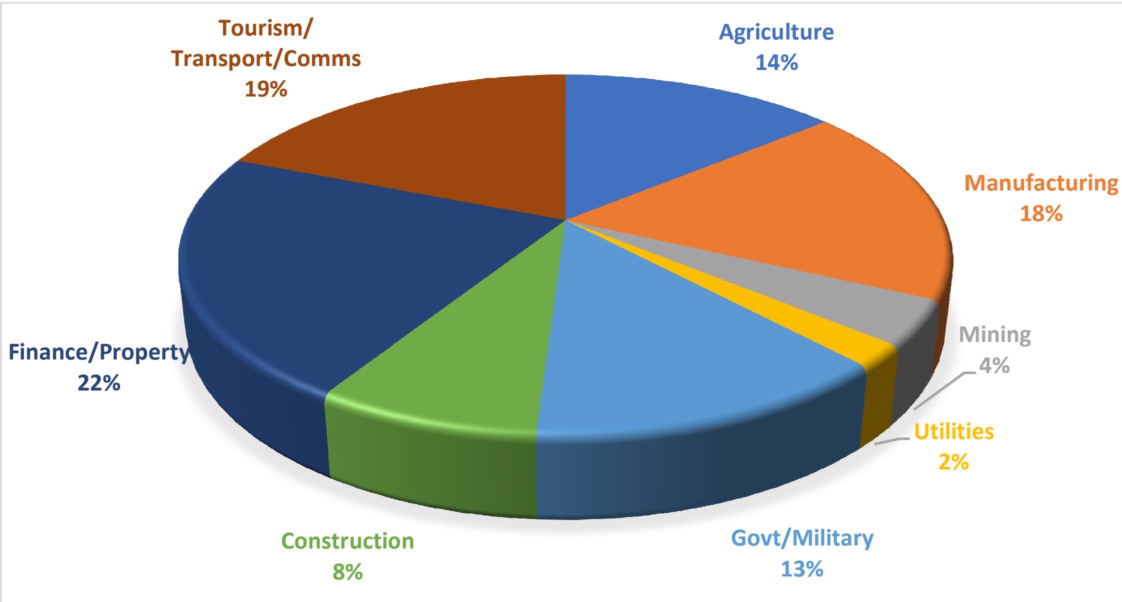


**Figure 4: This Graph represents the different types of sectors that plays the important role in GDP growth.**

The government has implemented changes such as infusing additional capital into banks, introducing new bankruptcy procedures to provide further protection to lenders, and integrating the region's state-owned institutions. Yet, with reforms being insufficiently difficult, banks remain vulnerable. GDP is expanding rapidly, and employment is expected to increase as businesses recruit more there is too much money in the hands of citizens and labor for business firms. Whenever GDP falls, employment generally declines, as has happened in many countries through recent market crises. In some circumstances, GDP may expand, but not fast enough to provide ample opportunities for people looking for work. Real GDP growth, on the other hand, comes and goes. In this crisis, the so-called non-banking financial firms have captured a major part of the credit demand. They currently account for about a fifth of all lending in the country, although they have recently faced difficulties as a result of being over-expanded and challenges with their funding mechanisms. This has resulted in it becoming more difficult for people to obtain automobile and mortgage loans. The slump in the residential market has been one of the negative effects. The administration has once again stepped in to help these banks recapitalize. Make in India, the government's flagship effort to attract more built contracts from international corporations has had mixed results.

GDP, but not Gross National Income, is estimated when a company was acquired by anybody who dwells inside a country's border but works outside those (GNI), GNI, not GDP, is calculated when a corporation is based outside of the nation but managed by one of its citizens. The level of production created by American-owned organizations, independently of where they're situated, is the GNI of the United States, for example. Similarly, if a country collapses significantly in debt and spends a large amount of its revenue repaying that debt, the effect is a decreased GNI but not a decreased GDP. Likewise, selling national money to organizations outside the country will result in a loss in GNI over time, though not a reduction in GDP. This would type the custom of GDP supplementary beautiful to legislators in realms where countrywide debt is rising and wealth is falling. Nominal, historical, or current GDP is a figure of crude GDP determined by the above formulas.

When evaluating growth in GDP from one quarter to another, international price adjustments such as inflation and deflation should be taken into account. GDP can be multiplied by the ratio between the value of the currency in the year under review and the number of assets in the foundation year to create a feel for the year-over-year assessment.The GDP deflator is the feature castoff to convert GDP from the recent to a continual number in such away. The GDP-deflator, in contrast to the price index, refers to the increase in the values of all domestic production products and amenities produced in a reduced, comprising outlay of possessions and management programs and household consumption items. The main benefit of GDP/capita as a measure of breathing standards is that it is assessed normally, broadly, and reliably. It is assessed often since most nations publish GDP data quarterly, allowing for easy identification of patterns. It is extensively measured in the sense that a quantity of GDP is accessible for virtually every country on the planet, consenting to cross-national associations. It is reliably dignified in the sense that the methodological classification of GDP is quite uniform across nations.

## 3. CONCLUSION

One of the most important measures of an economy's overall health is its gross-domestic product (GDP). Three methods can be used to calculate this. Output methods, input methods, and spending methods are the three approaches. One of the most important goals of economic strategies is to develop our agriculture and increase its production. The provision of adequate irrigation facilities is the most important part of resource development in the agriculture sector.By increasing worker productivity and expanding the workforce, real GDP growth can be maintained or accelerated. Savings and investments in physical and human capital can help boost worker productivity. This means that the author explains that it is necessary to invest in the education and training of people. The author of this paper analyzed the GDP and the elements that influence it. Growth refers to how different sectors contribute to the GDP. GDP is important because it gives data on the size and performance of economic growth. The amount of growth in real GDP is usually mentioned as a barometer of something like a country's economic general well-being. Growth in average GDP is considered a sign that the economy is doing very well overall.

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# CHAPTER 5

# A STUDY ON EFFECTS OF GROSS DOMESTIC PRODUCT (GDP) WITH INCREASING RATE OF POPULATION

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***ABSTRACT:In finances, labor is a module of construction, and after the labor force increases as an outcome of populace development, aggregate productivity increases, important to an increase in Gross Domestic Product (GDP). Since there is a spare of employment, prices can fall, reducing the total of manufacturing. According to the study, there is a sturdy connection amongst India's inhabitants and its GDP. To define whether population is tied to GDP, the study analyzed each state's population with its matching State Gross Domestic Product (SGDP). According to this study, there is no momentous connection between annual populace development and prices in India. As a result, India's population has little effect on the country's inflation rate. Other things can have an impression on increase. The training also found that populace expansion has no significant negative impact on India's GDP growth, and that GDP grows with population. Real GDP will inevitably increase with population evolution in the future, but it will not automatically increase real GDP. When evaluating economic growth rates among nations, real GDP per capita is the most appropriate comparison.***

***KEYWORDS: Economy, Economic Growth, Gross Domestic Product, Populace, Population Growth.***

## 1. INTRODUCTION

The relation between population economic and expansion output growth has been lengthily researched. Many economists trust that the monetary evolution of high-income-countries will be moderately moderate in the following years in the part because population evolution in these nations is expected to decline significantly [1]. Others claim that population growth has been around for some time and will continue as more people will eventually use up few suitable resources on the planet, limiting the potential for long-term growth. Analysis of the composition of the country's populace, economic inequality, intercontinental immigration and the extent of the country's employment strength are all exaggerated by the populace growing [2]. The economic development is influenced and prejudiced by these issues. The objective of this study is to analyze the impact of increasing population using long-term available information total output, and per capita output on economic inequality, international migration policy, and overall economic growth, as well as to examine both theoretical and empirical studies [3]. Connection among the populace progress, total outputs and per-capita outputs. Figure 1 shows the population rate which is also compared with the previous years.

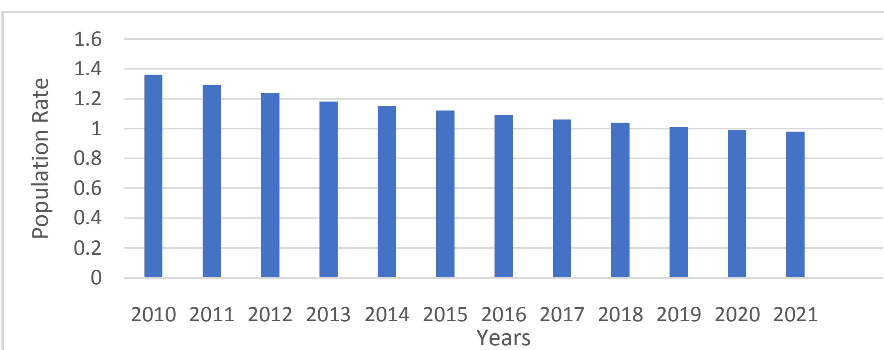


**Figure 1: This graph represents the ratio of the population growth and also shows the population rate compared with previous year.**

Human capital is an imperative component of development in all industrialized countries throughout their history. This can be inferred from the fact that the availability of human capital determines the resources required for economic development. Other benefits of population expansion include economies of scale, the ability to expand the market for the production of goods in the world, and new perspectives, ideologies, and inventions compared to earlier populations. However, population expansion can have a negative impact on the development of the country. This is because a growing human population requires the expenditure of many resources, putting pressure on the country's limited natural resources and using resources to maintain capital rather than expanding the stock of capital per worker. Consequently, investigation of the link between these factors is important [4]. One of the most controversial issues on the planet is the effects of population development on economic progress. There are many hypotheses that state that the increase in population has a detrimental effect on the economic growth and development of a country.

Shifting demographics can impact GDP growth in a number of different ways. To begin with, a slower population increase demands a reduction in labor value. Second, lower growing population has a tangential, perhaps influence on individual worker demand, as tax increases in work [5]. Some academics emphasize how population growth depletes natural resources and capital per employee physical and human, while others emphasize how population growth affects the performance of the economy. High population size and density effect efficiency in studies [6]. Rapid expansion resulting from uncontrolled urbanization has resulted in overcrowding, pollution, destruction, crime and unrest in politics. Increasing population rates have declined improvements in the production of food, culminating in land exploitation economic loss [7]. Figure 2 shows the GDP rate which is compared with the previous year's GDP.

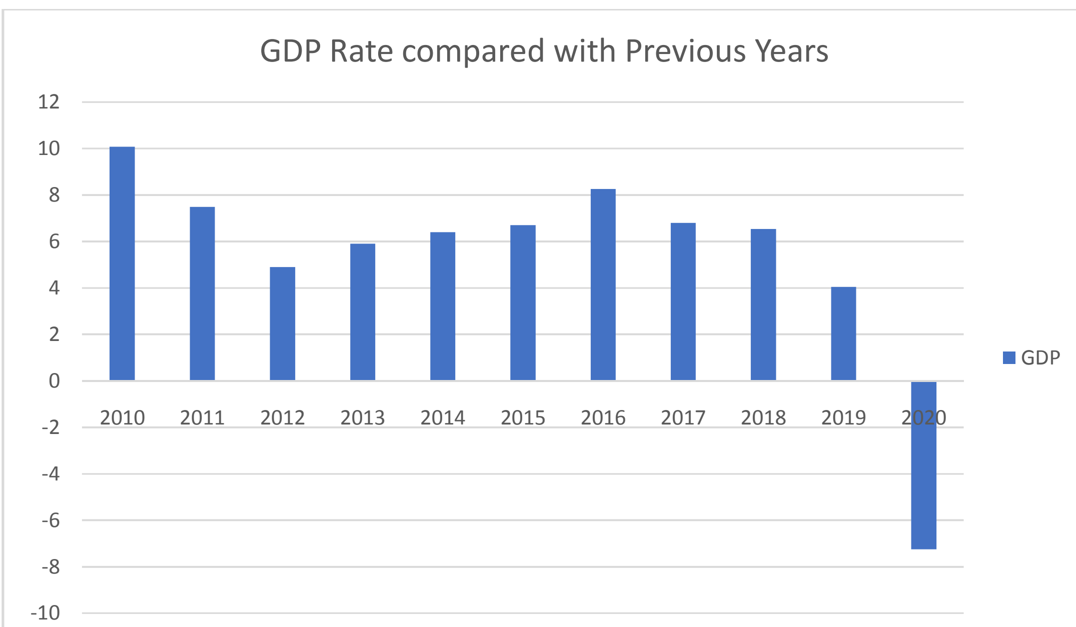


**Figure 2: This represents the GDP rate compared with previous years.**

Models depicting India's developing economy take several aspects into account. A large labor force emerges as a result of the increasing population. As a result of its economic plans, India was clever to employ change on infrastructure to educate adults and children to benefit them piece a positive person in the Indian reduced. Due to the increase in civic schooling, India has been intelligent to create a substantial employ sector. India's-economic-sectors, particularly agronomy and engineering, inaugurated to expand production as a result of large employment levels [8]. As a result, increased productivity means increased production of products and services. This meant that the government could now meet the demand of a growing population without trying to increase prices, allowing the poor to buy basic essentials. Depending on the subject of their research, economists create several production functions. Two aggregate planning functions are depicted in Figure 1. Figure 3 shows the proper production function with the output GDP. Figure 4 shows the aggregate production with GDP per capita as output.

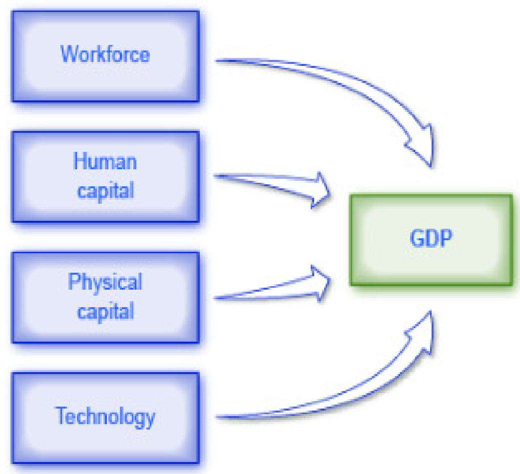


**Figure 3: Show the proper production function with the output GDP.**

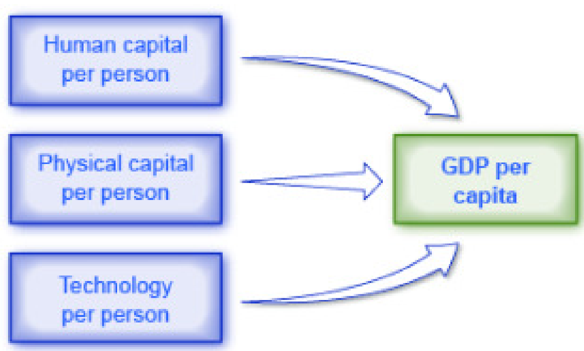


**Figure 4: Show the aggregate production with GDP per capita as output.**

The Indian government recognized its country's rapid population expansion, implemented budgetary policies to support education, and thus expanded its range through increased production. The increased output of the Indian economy resulted in an increase in micro and macro profits, leading to an increase in GDP [9]. Throughout all this, India appeared to defy the belief of many economists that increased population growth is inherently harmful to a country. India, in circumstance, adopted the ideas of Julian-Simon and secondhand their losses, if not gains, to develop their potential. Nonetheless, India faces a growing challenge that pertains to poverty and malnutrition. However, India will benefit in the long run based on the assumption that population expansion drives economic growth [10]. As a result, India became one of the fastest growing economies in the world, population expansion fueled the country's long-term growth in the economy. India is today a leading agricultural producer in the world, and a top developing country in terms of GDP [11]. In numerous circumstances, economists are right in their claim that population expansion drives the economic growth of a country.

*1.1 Conditions leading to Population Growth and Development Opportunities:*

Certain factors and conditions may contribute to increased population growth and development potential. The following are the classifications:

i. *Physical Capital:* Physical capital, such as plant, machinery, equipment, raw materials, and so on, is essential for growth and development. These are seen as important sources from which production and expenditure will increase at all stages. Financial capital is required at all stages of production and investment [12]. The ratio of GDP both to the international and domestic investment having risen dramatically throughout every country that already has attained long-term stability. Physical capital, such as factories and machines, sometimes contain the most important technology what aids a country's suggested technique. Technology is considered as an important physical asset which has helped to a great extent in the execution of all activities and functions.

ii. *Human Capital:* Human resources are referred to as human assets, and investments in the development of human capital, such as education, training and skill development, are considered essential. Human capital investment has resulted in improved personnel skills and talents. Human resource management is the process and actions that contribute to the progress in all types of enterprises. To perform the duties of planning, organizing, directing, leading, administering, producing, managing and regulating, a variety of skilled, knowledgeable and resourceful employees are required [13].

iii. *The Rule of Law:* The economic environment should have safeguards in place to ensure recovery of investment returns by investors. Any number of issues, including political turmoil, corruption, crime and violence, can all withhold political rewards and invest money. These prove to be hindrances in the development process. Strengthening the capabilities of relevant public institutions to protect property rights is often considered important [14]. Measures should be taken to prevent issues of corruption, dishonesty, exploitation and criminality. Ethics, fairness, righteousness and honesty should be adopted by the individuals.

iv. *Competitive Markets:* In most cases, competition ensures that customers have access to more goods and services at cheaper rates than monopolies. Effective application of rules and regulations will help in creating a inexpensive atmosphere. It is imperative that it is run by an impartial agency that is not geared towards any one interest group [15]. While some businesses, including such utilities, are resistant to competition because they can cut costs substantially if they are large, this is not the case in most circumstances. Businesses should have a relatively easy time entering and exiting markets.

v. *Macro-economic Stability:* A stable macroeconomic environment is essential for managing the costs associated with investments. This applies equally to human as well as physical capital. When there is a real chance of becoming unemployed after completing a job, people are less likely to accept the cost of schooling.

Economic procedure that maintains-low, stable inflation and operative implementation of management revenue and expenditure to distribute the public-services, and a stable currency discussion administration are all part of a macroeconomic stability.

vi. *Infrastructure:* Infrastructure development has undoubtedly contributed to the growth of the regions. When it comes to driving infrastructure development, it is important that investors and people have the necessary knowledge and information to build roads, means of transport, machinery, equipment, technology, communication equipment, etc. All these sectors are considered essential for the growth and prosperity of the regions and the country as a whole. Communication networks are important for establishing relationships between individuals and disseminating information about pricing and markets over a large geographic area. In many sections of developing countries, the use of smart phones and digital technologies has made banking services available in recent years.

vii. *Openness to Trade and Investment:* In recent years, no country has been able to thrive on a sustained basis without properly engaging in global markets. Integrating into product markets and being aware of these possibilities, especially in relation to financial capital, are two aspects of this [16]. The simplicity of a country's product markets allows for development, aids in technology transfer, and enhances competition and benefits consumers. In the past, many countries have adopted an import-substitution policy, protecting local areas from foreign markets to allow them to flourish [17]. The living conditions of individuals can be improved with the help of capital market.

viii. *Increased Agricultural Productivity:* Agricultural sectors are often substantial in low-income countries. Due to the large number of people working in these industries, increasing productivity in agriculture often serves to increase growth while also having a profound effect on reducing poverty. This process will be facilitated by innovative, current or new technology as well as improved agricultural markets for seeds, fertilizers, pesticides, irrigation systems and agricultural production. Agriculture is the main foundation of salary for the people in underdeveloped kingdoms. It is the sector that has pioneered policies aimed at alleviating poverty and backwardness while ensuring food security for everyone.

## 2. DISCUSSION

The ratio of adults to children who die in car accidents. Birth and death rates are affected by a variety of variables. Birth rate determines population growth. Although population growth has often decreased as a result of economic progress and development, there are no hard and fast rules, as well as other factors such as parental plan availability, social pressure and government action can all play a role. Population growth is assumed to be predictable in the early stages of the transition because demographic change is a worldwide process. India's current period of demographic transition is both a hardship and a possibility for the country [18]. The goal is to ensure that personal development and optimum management of available resources, environmental assets, infrastructure, technology and other resources take place in a timely and efficient manner. There is an opportunity to use existing human resources to achieve faster economic growth and better quality of life.

The development opportunities established within the region should be implemented in a constructive manner. It is necessary to guarantee that they are helpful to all persons. It is important to implement initiatives to reduce poverty, illiteracy, unemployment, and homelessness, as well as the development of knowledge, information, and consciousness in all-important locations, the agricultural sector, the introduction of family planning programs, and progress in medical field. The creation of the initiative will contribute significantly to the development of possibilities which will be beneficial for the development of the individual and the nation.

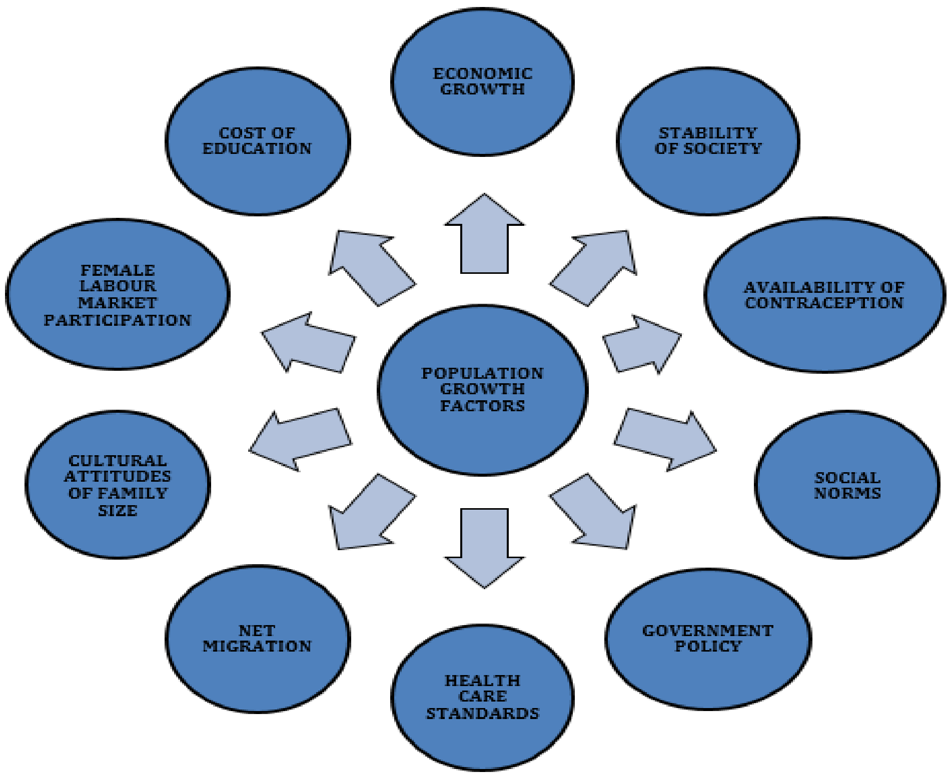


**Figure 5: This will represent the different factors which influencing population growth.**

*2.1 Factors that influencing population development and this factors also represent in Figure 5:*

- *Economic development:*The population growth rate is still high in the nations in the initial stage of economic. In agricultural cultures, children are seen as potential revenue earners. From a young age, they can help with household chores and harvesting. In addition, in nations without public pensions, parents typically seek additional children in the form of retirement benefits. As children grow up, it is predicted that they will look before their parents. Since child mortality is generally high, more children are needed to guarantee that grandparents have appropriate progeny to support for them because their children's decisions.
- *Education:*Learning is normally required until the age of 16 in advanced countries. Children will also no longer just become an economic advantage but an economic burden once schooling comes mandatory. A youngster in the United States will cost approximately $235,000 by the time they graduate from university, so according calculations. As a result, increased process of supporting children functions as a disincentive to reduced family size.

- *Quality of the children:* In industrialized countries, parents with good returns on education are motivated to have fewer families and advance more on instruction offering their progenies not only with a mandatory program, but more than some others. What small families need to do is provide young people with the best possible start in life. According to Baker smaller households are often correlated with higher real GDP per capita.
- *Welfare payments and the State pensions:*Due to the huge state pension programs, couples don't requirement to have children’s to be given effective retirement assistance when they get older. Children are seen as 'policy' to take care of their parents in old age, hence the number of families in developing countries is high. This is no longer necessary in modern society, and as a result, fertility rates are declining.
- *Cultural factors and Social:* Even before the one-family policy, India and China had deep social ties as they had large families. Inside industrialized nations, small families are indeed the norm.
- *Availability of family planning:*Increasing contraceptive access can help women reduce their family size to a more manageable level. Access to birth control is more difficult in poor countries, which can lead to the unintentional pregnancies and rapid population growth. According to estimates, in 2015, just 34% of women in the Africa had access to birth control. The increasing rates will help in keeping the population development under control.
- *The Female labor market participation:*Women's education and the social mobility are often low in emerging economies. In countries where women’s have higher education; women are more probable to choose employment rather than establish a personal. In the industrialized biosphere, women-often prefer to marry later and postpone having children birth because they want to do work and focus on their careers.
- *Death rates:* Often, the death rate declines before the number of births falls, resulting in an increase in population over a given period of time in a country's economic development. In the 19th and early 20th centuries, medical medicine progressed dramatically, allowing numerous fatal ailments to be cured. Although the death rate has diminished, life anticipation has enlarged.
- *Immigration-levels:* In some countries, net passage is one of the further most imperative pieces of inhabitant’s growth. Net international migration accounting for more than half the population inside the United Kingdom between 2000 and 2013. In countries with strict immigration laws, such as Japan, the population has been observed to be stable.
- *Historical factor/war:* In the post-war period, couples reunited after the end of World War II began to form families, culminating in Western countries experiencing a demographic 'boom'. The 'baby-boomer' era demonstrates how a series of political events and situations shaped growth in population, postponing childbirth until after World War II.

At this point in history, overpopulation is a growing concern across the planet. The world population has already crossed six billion people and is growing rapidly. But, what does this mean for the economic condition of nations? Economists are divided between two theories: one entitlement that population development and growth improve a country's economy by indorsing economic growth, while the other claims that the results of Robert Malthus form the basis of its theory. According to Malthus, increase in population is bad for the economy of a country as it causes many difficulties. For example, overpopulation and population expansion put enormous pressure on the natural resources, resulting in a cascade of difficulties along with growth in the country. On a macro-economic level, it is more plausible to claim that population growth is detrimental to a country's economy because an increasing number of people means feeding more people. As the need for food increases, so does the demand for energy, which is essential for the survival of a nation.

Other negative consequences of population expansion, especially in overpopulation, include low per capita income, hunger and poverty due to disease. India is a perfect example of Thomas Malthus's population growth and economic impact hypothesis. India is a poverty-stricken country, mostly due to overpopulation. India has a population of about nine hundred billion people, of which 300 million people are living in poverty. To pay the bills, most of the poor residents are unemployed, hungry and forced to beg on the streets. Despite this, the government does not appear to be reforming in any way to reduce poverty among its population, whether through social programs or through fiscal spending. Additional people could potentially mean that A country's economy is growing through producing and supplying extra services and goods. This can only arise if job possibilities develop at least as quickly as the labor market, and the consumer has access to the right skills and knowledge. Government of India is lagging behind in this competition. Rapid population growth makes providing and maintaining the infrastructure, education system and medical services that modern economies demand increasingly challenging.

## 3. CONCLUSION

Much of the research discussed in this paper to support the notion that population expansion is an essential component of overall development and, in some situations, production growth per capita can be even higher. In the short to midterm, fast growing population in dramatic reductions in barriers is dangerous and can lead because of the large number of children it produces. These nations are projected to reap a demographic dividend in the long run as these young people develop into working adults. There have also been attempts to suggest that population expansion with high fertility rates, as is prevalent in low-income countries, may reduce overall well-being, rather than population growth with low mortality, as is commonly thought. It has a more favorable effect on financial growth and economic development. Population development in the high-income nations is lethargic, and in particular circumstances negative, subsequent in the age structures with large numbers of older individuals. The burden of maintaining large numbers of retirees could be reduced if the population development in these countries were higher, but it does not seem realistic that the birth rate would increase or the death rate would drop significantly below current levels in the future.

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# CHAPTER 6

# ANALYSIS OF PROBLEMS FACED DUE TO CORPORATE TAX AVOIDANCE

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***ABSTRACT:** Corporate tax evasion is a strategy that involves multiple companies and jurisdictions at almost the same time, and also has global implications because these companies do not pay their taxes in this country. Tax avoidance refers to any legal method used by a taxpayer to reduce the amount of tax owed. Individuals and organizations can use tax avoidance to reduce their tax bills. Tax credits, deductions, income exclusions, and drawbacks are all used to avoid paying taxes. Tax avoidance refers to any legal method used by a taxpayer to reduce the amount of tax owed. The authors of this paper explore tax avoidance, evasion, risk, and even the factors that influence them. Tax evasion reduces federal revenue, which has an impact on government spending. Tax evasion is sure to have an impact on an economy whose public investment is dependent on government spending. Tax evasion reduces government income and, as a result, affects the level of political spending. In an economy where the creation of human capital is dependent on government spending, it is clear that tax evasion can stall this process which also help in future.*

***KEYWORDS:** Corporate Tax, Taxation, Tax Avoidance, Tax Evasion, Tax Risk.*

## 1. INTRODUCTION

In the field of public finance, tax deferral is a well-known notion. This idea is part of a larger discussion on taxation guidelines and principles. The justice and efficiency considerations are at the centre of public taxation decisions [1]. Except for a few outliers, on which we shall return corporation taxes generates minimal debate in terms of equality, with the argument instead concentrating on tax efficiency. Corporate taxation, in the form of a non-lump sum tax, causes distortions in the decisions of economic agents. This study does not attempt to examine in depth all economic distortions caused by company taxes or foreign disparities in corporate tax rates and bases [2]. Instead, the author aims to focus the audience's interest on the most important distortions and the latest estimates from economic research. The authority given to these organizations through corporate governance institutions will determine how successful they are in advocating for their priorities. Consequently, corporate governance is expected to have a substantial bearing on corporate tax evasion. Key features of inside and outside corporate governance institutions that humans anticipate will impact company tax evasion are depicted in Figure 1 below.

Taxation is by far one of the most important contributing factors to the government's important expenditures for businesses. A company's tax escaping includes both legal and criminal-tax-evasion. Tax planning is the procedure of reducing the tax burden of a company by making investments within the ambit of law and streamlining economic interests. Beyond delay, the topic of whether a firm breaks tax laws and guidelines to avoid taxation is referred to as tax avoidance. One-off collection of all tax planning options is defined as tax avoidance. The compact set has actual tax avoidance on the one hand and disobedience, and evasion, because scientific findings sometimes fail to differentiate between tax planning and tax evasion, which is defined as any transaction that reduces a company's tax responsibilities.

Earlier studies on tax avoidance inclined to emphasise firm-level issues that can lead to tax evasion i.e., determinants.

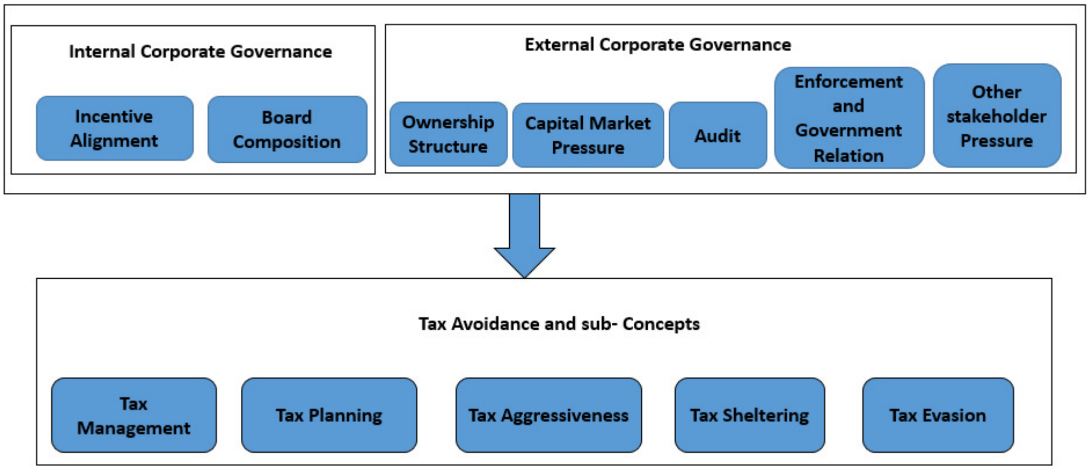


**Figure 1: Represent the link between business governance and tax evasion.**

Current pieces of training have watched the significance of tax evasion, especially the pecuniary significance [3]. Because of agency conflicts, which have been the subject of most-recent efforts on tax evasion, these monetary results can vary between the administration, the business, and its shareholders. Tax evasion is the rehearsal of the possession of monetary possessions of a firm which can go to the authorities. These capabilities can result in increased business value and therefore shareholder value.

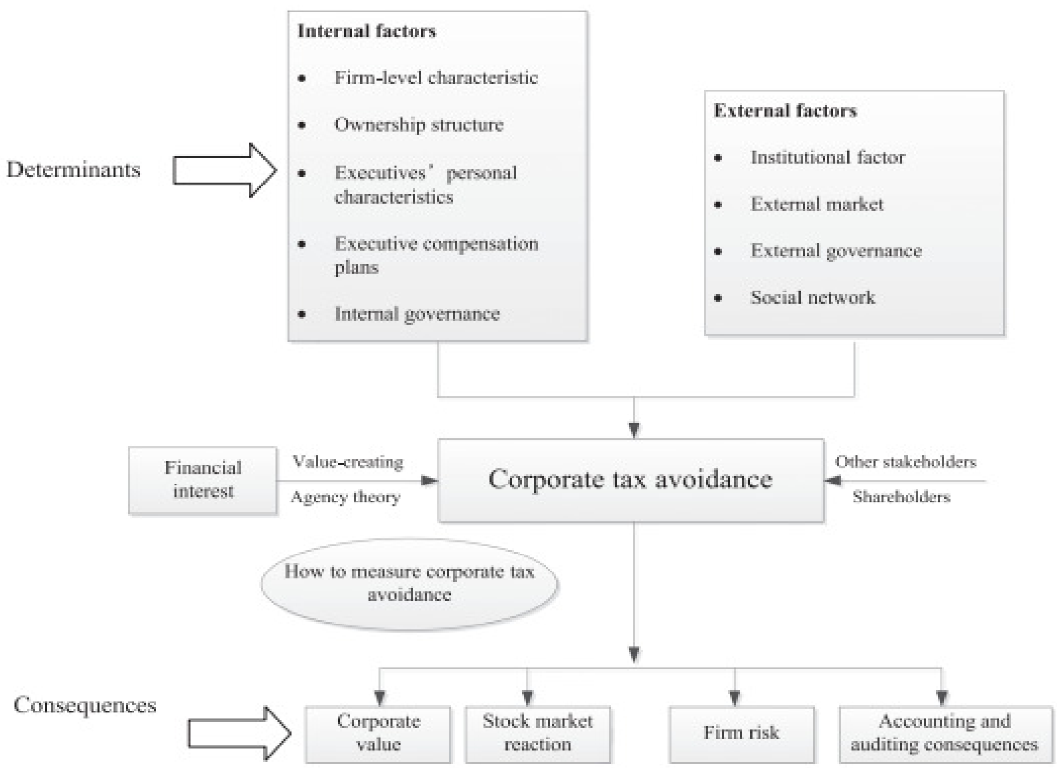


**Figure 2: The cycle represents the factors which are behind corporate tax avoidance** [4].

Tax evasion is withholding money from the government and keeping them within the company, where it can be put to better use. Instead of limiting tax payments, successful tax planning should aim to maximize the value of the firm. Previous research on tax avoidance has viewed it as a value creation activity aimed at maximizing shareholder wealth [5]. Past tax avoidance literature assumed that shareholders would benefit from lower taxes, and as a result, corporate management would explore tax avoidance strategies. Managers' tax decisions, on the other hand, may represent their own (i.e., agents) benefits pretty than only the share-holders (i.e., principal's) benefits. Other authors have proposed that even if the punishments for illegal tax evasion are carried by managers attempting to make tax decisions relatively than stockholders, managerial and stockholder interests in taxation can differ, and also think executive pay is excessive agreements can be planned to better In terms of economics, the interests of shareholders and managers really should be aligned, as shown in Figure 2.

The case for prudent investors to investigate the long-term consequences of tax-related risks is compelling. Investors may decide to make tax a priority engagement subject after assessing the financial materiality of tax concerns. If the company's declaration is inadequate. Investors should also look into fiscal responsibility concerns that may arise in the future, such as the influence on the world and human rights, as well as other problems that rules and conventions investors may believe they should be addressing now.

### *1.1 Governance problems and earnings risks:*

Changes in tax policy and enforcement can affect the income that depends on tax planning rather than actual economic activity. A greater emphasis on tax minimization can lead to poor corporate decision-making, including non-strategic investments that are more likely to suffer losses from regulatory closures or cancellations of dear deals [6]. Even though specific tax restrictions remain unchanged, increased regulatory enforcement suggests that the risks to profits associated with these tactics are increasing. The incidence of tax disputes and litigation will increase as nations and their tax officials become increasingly concerned about exploiting loopholes in the international tax system and face economic pressure to pay for new government programs [7]. Some boards tend to be unconcerned about the impact of incentives on tax planning: management objectives or the Chief Financial Officer's Compensation based on profits after taxes may inadvertently or purposefully push employees to focus on lowering their tax bill rather than increasing their earnings.

Tax-sensitive criteria for corporation performance scoreboard might affect the salary of all senior managers. The benefit concept is one of the first reasons for getting a corporate income tax. Companies, like individuals, use public goods, particularly infrastructure and benefit from bringing in diversity such as worker development or a rule-of-law justice system. As a result, it would appear reasonable for businesses to pay taxes as remuneration for their services. Some scholars also claim that firms' restricted responsibility is a benefit that requires a compensating tax [8]. Those positions, while appealing, are occasionally challenged because of the sluggish and somewhat indirect link between the use of those offerings and the perseverance of the corporate tax base, even though companies owned in fined by individual people who are taxed, posing a risk of the double, and therefore there are presumably more direct ways of internalizing the cost of providing that social infrastructure, notably via user charges [9].

### 1.2 Tax Avoidance:

Tax avoidance is characterized as the use of legitimate channels to avoid paying taxes. It is mostly affected by myriad loopholes within the country's tax laws and even some regulations

[10]. Taxpayers in this case take undue advantage of loopholes in tax rules, which makes it possible to devise creative ways to evade legal taxation. Most businesses avoid paying taxes without making legally permitted changes to their books. Tax evasion is the practice of taking advantage of changes in the tax system by devising new ways to avoid paying taxes within the purview of the law. Tax dosing can be accomplished by changing accounting in such a way that no tax law is broken.

### 1.3 Effects of the Tax Avoidance:

This leads to a fall in government revenue collection and has an impact on the country's economy. The amount of black money generated as a result of theft has a significant impact on investments [11]. Honest taxpayers expect to feel unequal compared to those who do not pay taxes and do not incur penalties. Public administration is getting delayed due to budget restrictions. Tax avoidance has piqued the public's attention not just in political and scholarly arguments, but also as a result of media stories regarding the tax avoidance activities of major multinational corporations [12]. Recent anecdotal evidence concerning companies like Apple, Facebook, and Starbucks, as well as more long-standing instances like Enron, have created the idea that aggressive tax evasion is a mutual amount in today's commercial world. Nonetheless, despite popular credence, many productions pay momentous taxes per year [13].

### 1.4 Tax Evasion:

Tax evasion strategies are used by taxpayers to reduce or eliminate their tax liability. This is accomplished in illegal ways, as a result of the taxpayer's unethical business practices [14]. Making misleading declarations, underreporting revenue, overstating the tax credit, and claiming personal costs as a company are examples of these tactics [15]. Taxpayers who engage in such behaviour risk being prosecuted and facing severe penalties.

### 1.5 Causes of the Tax Evasion:

Some of the reasons for tax avoidance are listed below:

- The biggest factor in tax evasion is the country's already existing tax structure. As a result, the more rules with specific loopholes, the more likely someone will use those exploits to avoid paying taxes.
- If a country's tax rates are greater, the taxpayer will be charged a larger tax, which will incentivize them to lower their responsibility by avoiding taxes.
- Lack of clarity and simplicity in a country's tax rules. The more complex the rule, the more likely people are to misuse it.
- Tax integrity and honesty of citizens are fast deteriorating.
- Claiming excessive exclusions in the taxpayer's return compared to the actual expense.
- Income from many sources is underreported. As a result, the overall income and the tax burden will be smaller.

This paper's main focus is on tax evasion as a globalized crime. Tax evasion isn't only a business issue. Corporate tax evasion is a strategy that involves multiple companies and locations on a single occasion, and it is important to consider because these companies do not collect their tax levels in the countries where they operate. The free market creates incentives for tax evasion when governments and jurisdictions aim to invest in the country by changing their tax law in favour of major enterprises, as seen below. To create a conducive environment for investing, tax authorities have updated the tax law, removed financial advisors, and assured anonymity. Tax authorities, on the other hand, only provide a complete exemption to international and non-domiciled firms while collecting taxes from their people and national corporations. Overall, the tax benefits granted are the outcome of more governmental interference in the market, rather than less, in changing the laws of the economy in favour of the wealthy.

## DISCUSSION

Corporate tax is a fee levied by the government on the profits of a company. Corporations provide tax revenue that is used to fund the national budget. After subtracting cost from cost of goods sold (COGS) and accruing depreciation, a corporate accounting result is determined. To begin with, tax rates are applied to assess the legal liability of the industry to the government. Corporate tax laws vary widely around the world, but they must be approved by a sovereign state and voted on before they become law. Some areas, such as Jersey, are known as tax havens and are highly sought after by businesses.

*2.1 Understanding the Corporate Tax in India:*

In comparison to its stockholders, a company is a personality with its legal entity. International and domestic firms are required to pay income tax under the Income Tax Act. A domestic corporation is taxed on its entire revenue, but a foreign firm is taxable only on income earned in India or on money earned or received in the jurisdiction. The categories of businesses that can be classified for tax purposes under the Income Tax Act are as follows:

1. *Domestic Company:* A domestic company is registered under India's Companies Act, as well as a foreign-owned company with sole control and management in India. Private and public businesses are both considered domestic businesses.
2. *Foreign Company:* A foreign corporation is one that wasn't registered in India and has administration and monitoring outside of the country.

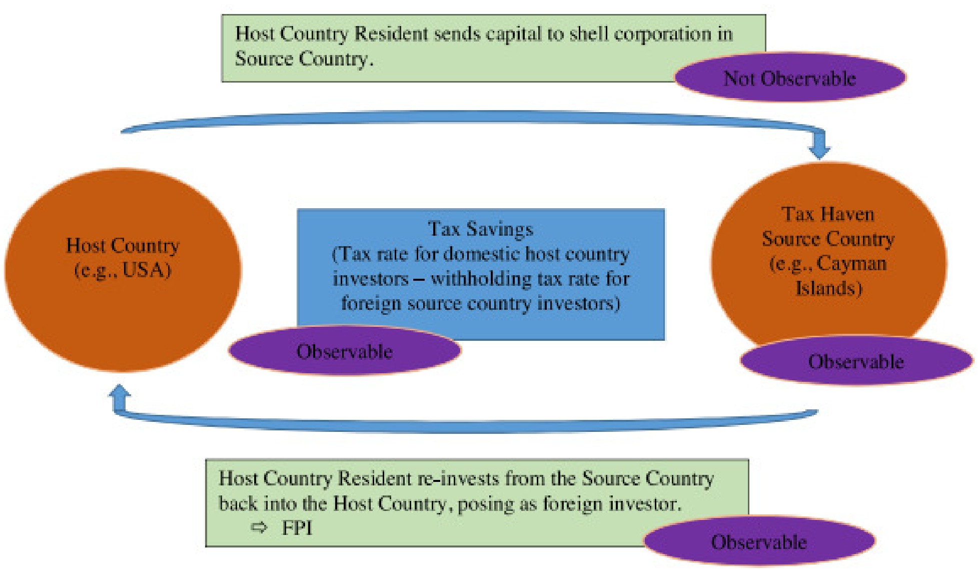


**Figure 3: It will help to understand the process which is behind the tax savings of different countries** [16]**.**

The taxable profit or net income of a corporation is used to calculate corporate tax. The overall balance left with the firm after the necessary deductions of various expenditures have been made is referred to as operational profit/net profits. When a corporation sells things, it incurs a variety of costs. If several economists and politicians thought that a corporate tax is on the endangered species list, the topic of why we need one would receive far less attention. Humans should expect to see outcomes in the field of corporate taxes if it is important to tax competitiveness and a race to the bottom. This is essentially source-based taxation on mobile capital, a sort of taxation that is destined to vanish entirely in normal current theories of tax competition among minor jurisdictions.

It isn't just that rates have fallen objectively as a result of globalisation. Tax competition theories suggest that smaller nations should have lower rates than bigger countries, and empirical data backs this up. This projection is based on the fact that tiny countries' tax bases are far more elastic. Tax cuts in these nations can attract a large quantity of new capital while costing little in terms of tax collection from the current capital stock. On the other hand, giant countries have a large stock of capital and must acquire a lot of new capital to meet the revenue shortfall from the old capital. This is an economic reason with the good observation that tax havens are in general small. Figure 3 shows the process of saving money on taxes in different countries.

### *2.2 Tax Risk and Tax Avoidance:*

The majority of studies on the relationship between tax avoidance and tax risk imply that tax avoidance investment raises corporate tax risk. Everything that decreases a company's taxes compared to its pre-tax income is considered tax avoidance. Furthermore, mentioned that tax avoidance is viewed as a series of behaviours aimed at lowering the tax burden. It will be impossible to sustain firms' existing tax evasion techniques in the future. Furthermore, because it is a transitory investment that invests in tax cost reduction, which is one of the numerous risky investment options, it demonstrates that the low tax rate owing to tax avoidance will be reversed to a high tax rate in the upcoming. It was discovered that the amount of corporate tax evasion and the corporate bank loan spread had a substantial positive relationship.

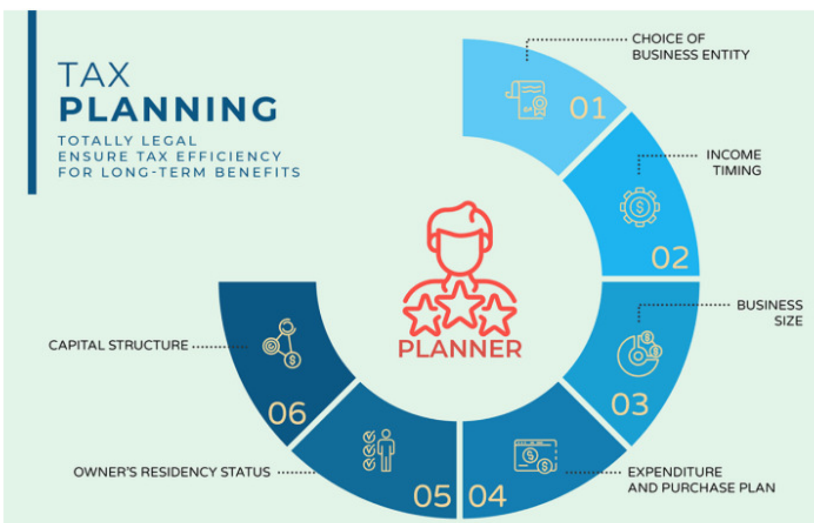


**Figure 4: This represents the tax planning for the totally legal tax efficiency.**

In general, tax planning is the act of optimizing your tax benefits under the eligible provisions of the tax framework shown in Figure 4. It reduces your tax bill by taking advantage of deductions, credits, refunds and exemptions available under the Income Tax Act or other applicable tax laws. For example, you can seek tax benefits by investing through retirement plans. You can reduce your tax liability by investing in investments, mutual funds, provident funds, and other comparable accounts. The evidence showed that the effective corporate tax rate and the cost of debt had a substantial negative relationship. Previous tax avoidance research has mostly focused on the connection between tax avoidance and company characteristics or the connection between tax avoidance and tax risk. The substantial negative relationship between tax evasion and firm value is still under investigation by the act of financial regulation. Taxation and risk affect the cost of embedded capital, which is established by the company's tax strategy. They indicated that the cost of capital increases for individuals with the high issue of tax avoidance and falls for those with low stages of tax avoidance as the amount of tax avoidance grows. From 2003 to 2016, the impact of tax evasion on the association between business reputation and the implied cost of capital in Korean enterprises. A group that was engaged in tax evasion did not display a substantial damaging relationship between corporate reputation and implied cost of capital.

As previously stated, present research mostly suggests that tax avoidance investment raises a company's tax risk. There are three key reasons why tax evasion raises business tax risk, according to existing research. The first argument is that the low tax rate resulting from corporate tax evasion raises the likelihood of a tax investigation by the Government, as well as the likelihood of incurring more tax costs in the future owing to Internal revenue service investigations and fines. To put it another way, tax evasion reduces tax payments while increasing company risk. The second reason, according to existing research, is that firms reduce their tax expenses by avoiding taxes in a transient manner that can no longer be employed in the future. Because the tax rate reduced by this tax technique cannot be sustained indefinitely, tax avoidance carries greater risk from the company's perspective. Third, existing research claims that tax evasion raises tax risk since a low tax rate suggests that a company is engaged in a high-risk investment option. Finally, tax evasion can increase agency expenses and impair business transparency, putting a company's future financial flows in jeopardy.

Furthermore, the variability of efficient corporate tax rates was presented as a measure of company risk, and the link between tax strategy and corporate risk was confirmed. However, contrary to predictions, there is little evidence that there is a strong link between company tax evasion and corporate risk. Low effective corporation tax rates, they claim, are unrelated to business risk since they signal a company's capacity to participate in tax-favoured assets, such as municipal funds, that are not subject to Government regulations or legal issues. In other words, it is the belief that the current low effective corporation tax rate, as a result of corporate tax evasion, will neither be changed in the future nor will it exacerbate the ambiguity around the real future tax amount. In other words, businesses can develop a long-term tax avoidance plan based on their unique circumstances.

### *2.3 Tax Avoidance, Corporate Governance and Tax Risk:*

Corporate governance considerations are significant predictors of tax evasion. Furthermore, data was shown that tax benefit trading enterprises with solid corporate governance create larger abnormal profits than those with poor corporate governance. The impact of the informational environment on tax avoidance and risk, with evidence showing the better the quality of the internal information environment, the higher the amount of tax avoidance and lower the risk of taxation. Examining the effect of corporate governance, evidence is given showing there is a considerable negative affiliation between tax evasion and corporation value. It also showed that financial professionals and impartial outside directors can reduce the level of severe tax evasion in businesses.

While it is not illegal to evade taxes by 'bending' the rules of the tax system, many feel that it is more important to track the law than it is written from the spirit. Countries determine how related taxes should be levied through laws, and businesses are responsible for paying taxes. Because businesses have a say in how they interpret the law and, as a result, pay taxes, the issue falls under the category of ethics. The company's ethical line is the subject of great judgment when it comes to how to interpret tax rules and manage its operations, while keeping all of its operations legal. This included the location of the company's tax payments. It was discovered that there is a significant negative relationship between tax evasion and capital cost, with this issue becoming more apparent when corporate governance is better. Investors prefer a lower expected return rate because tax minimization is believed to increase cash flow.

The link between company social responsibility, national governance, and tax avoidance. The smaller the degree of tax evasion, the better the national government. The companies that have been classified as the most admired are hesitant to avoid paying taxes. Based on the findings from this previous research, it may be assumed that companies with better corporate governance will be less vulnerable to tax evasion. By retaining a high degree of oversight and control over management, foreign shareholders or independent outside directors will be able to mitigate the unpredictability of effective corporation tax rates generated by efficient corporate tax rates. This study will investigate the influence of financial regulation on the link between tax evasion and company risk based on these findings.

## 3. CONCLUSION

The majority of studies on the connection between existing tax evasion and tax risk imply that a high amount of tax avoidance raises a company's tax risk. Previous research has found that corporate tax avoidance increases the risk of corporate tax audits, increases the possibility of incurring greater tax expenses as a result of tax audits and fines from tax authorities, and is a transitory approach that firms cannot utilize indefinitely. The rationale for this is that it reduces tax expenses. In other words, tax evasion shows that a company is pursuing a high-risk investment strategy. This may be sufficient for a treasury department to decide that the corporation tax is required. The author of this paper explored some of the more nuanced grounds for a business tax. Several studies have shown that the corporate income tax serves as a backstop to assist sustain the tax base of other taxes and that erosion of the company tax as a result of tax competition might have serious consequences. The significance of the backstop function for capital taxes, in general, is primarily determined by whether capital taxation is still desired. If the answer is affirmative, then lower corporation taxes, while leaving other capital taxes unchanged, appear to result in significant revenue moving from higher-taxed sectors to the corporate sector. The effectiveness of other methods to prevent income shifting determines how important the corporation tax is as a backup for labour taxes. More empirical research in this area would be extremely beneficial.

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# CHAPTER 7

# ROLE OF ECONOMICS IN MODERN PSYCHOLOGY FACTORS

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***ABSTRACT:**Economists use psychology to identify the traits that underlie individual variations in economic behavior, making economic behavior difficult to predict. Economic psychology is an interdisciplinary study of the link between psychology and economics. It is interested in the psychological basis of the overall economy of the people and the psychological consequences of economic activities. The major goal of this study is to establish a link between economics and psychology, as well as to explain the psychological aspects that influence consumer behavior. Because economists study how individual and collective organizations such as corporations and markets manage money, the psychology of individual functions underpins and informs economics as the neuroscience of archaeology, physics and anthropology, chemistry and cognitive science are needed. Whatever the future, an economics degree may be able to help individuals prosper. People who understand how decisions are made, how markets work, how rules affect outcomes, and how economic forces operate in social institutions are better positioned to make better decisions and solve more problems. It will be linked to both personal and professional achievementand also help in future growth.*

***KEYWORDS:**Economic Psychology, Economic Behavior, Psychology, Psychologist, Psychological Factors.*

## 1. INTRODUCTION

Economic psychology, often referred to as psychological economics, is a study that examines public production interactions, economic strategies, and the psychological resonance of economic systems. Economists with significant psychological literacy and psychotherapists with sound economics founded macroeconomic psychology in the early 1950s. Traditional economics has historically focused on the authoritative version of mathematics, while seeking to prevent subjective interpretation and has been used to differentiate psychology and sociology [1]. This tendency can be seen in the omission of the body of influence and dynamics within the economic theory framework. Plato's notions of intrinsic concepts can be linked to the idea that physical forces interfere with logic. Physical experience, the authors say, helps reveal part of natural knowledge, but it also distorts it [2]. Plato wrote in "Many Pieces" that the eyes, hearing, and the flattened whole body are the interfering elements that prevent the development of the soul's knowledge. For rational economists, these causes of irrationality must be eliminated, so psychologists, little more than economic experts, have long focused on physical variables and their effects on behavior, as seen in Figure 1.

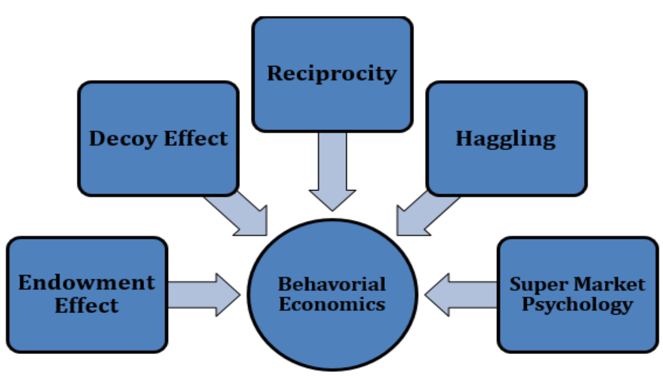


**Figure 1: The impact of Behavioral Economics on the different Psychology.**

*1.1 Relation of the Economic Psychology to Different Research Areas:*

Therefore, economic psychology is a broader study of the interaction, or often gaps, between psychology and economics, rather than a discipline of psychology. The study of economic choices, particularly in the areas of risky choice (see Risk: Scientific studies on choice and decision), rationality restriction (see Expensive rationalization and distinct divisions), and perverse choices, became one of the most powerful and successful methods watching that conversation [3]. So, among explanations of various other areas of decision theory, a paper on economic psychology is appropriately included in this part. Nevertheless, it is closely linked to articles in this encyclopedia relating to economics (for example, leisure, psychology or Property and Child Development), leadership and operational studies (for example, customer satisfaction and marketing techniques), and other topics. Some famous economists and psychologists have easily moved between the two professions and are well known and respected in both [4].

In general, more people are practising economic psychology than there are people who claim to be economic psychologists. There are similar methodologies are used not only in the choice of science but also in multidisciplinary fields including consumer science, behavioral economics and social economics, as well as within specific aspects of economics and psychology (behavioral economics, applied economics and see consumer economics)[5]. Because many of these areas of study are covered elsewhere in the encyclopedia. The term 'economic psychology' is said to have originated initially in the work of the famous French social psychologist Jacques Derrida [6]. However, the current growth of financial psychology began with the work of Jorge Katona, a Hungarian-American Gestalt psychologist whose work is detailed in his book Psychological Economics.

Economists have recognized economic abnormalities and have gradually accepted them. This is a novel and promising trend, as evidenced by the growth of observational study and psychological analysis. Finally, the defined in a manner of economic experimental psychology technologies to economics and psychology can better clarify and predict human economic behaviour. By testing the conceptual framework with a small sample, psychology allows for the validation and construction of ideas that logical conclusions in economics cannot which is also shown in Figure 2.

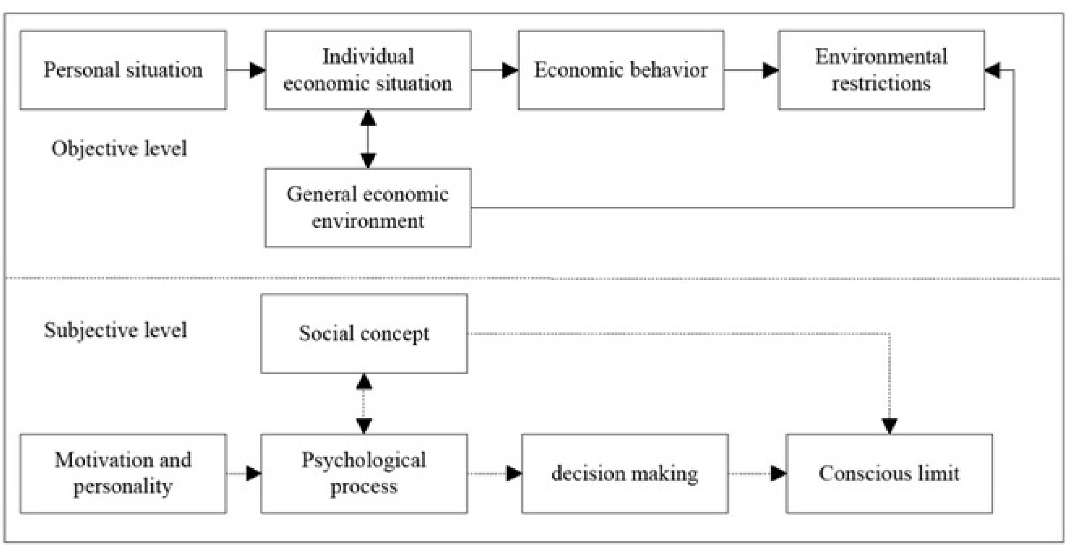


**Figure 2: This will show the two types of levels, i. Objective Level and ii. Subjective Level [7].**

Most neurological and physiological variables have little to do with economic consideration validation because economics and diverse decision-making models eschew the putative physiological pathway other economists are conscious components[8]. Recognizing the effect of action, but refusing to incorporate it into economic theories, such as Mies' behavioural view that economic analysis should research only intentional and desired behaviour, not economic development as a member of internal tissues. Perceived and instinct have different responses to stress, as it is not monitored by will. Traditional economics has long ignored the physical variables of behavioural disciplines for decision making, and the effect of economic behaviour such as preferences became an economic theory of "addition". It examines the psychological variables in the economic system using psychological considerations, the decision processes of customers and businesses, and the psychological aspects that influence these decision-making processes [9].

The main goal is to figure out how consumers, businesspeople, and government decision-makers will behave in various scenarios and what decisions they will make to better understand and anticipate business strategy [10]. The psychological factors that influence people's economic behaviour, such as needs, motivations, expectations, desires, attitudes, and so forth. Examine the behaviour of decision-making data, study consumer and corporate, analyze and attempt generalizations and compare the economy in different situations; and focus on practical decision making, assuming that the proposed consumption, saving and investment [11].

### *1.2 Economic Performances of Individuals:*

Work, donating, purchasing, gambling and saving are all examples of economic habits. Several of them have been the focus of the extensive psychological investigation. For example, work psychology is the subject of a whole field of psychology called industrial psychology, occupational psychology or work psychology, as well as an important component of economics called labour economics [12]. It is no coincidence that many economic psychologists have focused on economic behaviours such as saving, paying and giving, and/or evading taxes, which are often overlooked by established subsciences. Whenever economic psychologists examine topics such as employment and procurement, they usually do so intend to apply them to other parts of economic life, rather than viewing them as separate entities.

The understanding of individual behaviour concerning economic activities is the significance of psychology in economists. It is concerned with how a person spends money on different items to fulfil his desires, as well as how he makes economic decisions when dispersing his earnings. Psychology is also the study of behaviour, thinking, and awareness, hence there is a strong connection between psychology and economics. "You monitor individuals, deduce a set of beliefs and performances from their actions, and properly forecast future conduct." Vision and future possibilities are used to make economic decisions. This entails analyzing the psychology of numerous stakeholders to forecast the future from a profit/loss standpoint. Shareholder psychology is used to anticipate future rewards.

Another factor is the psychology of the employer and the customer [13]. It deals with the employer's and employee's job-related decisions. Consumer demands and requirements are vital, and they must be addressed with a strong approach. Various decisions, such as production management (growing or decreasing) and sales management tactics, are all aspects of psychology. So, to accomplish greater economic advancement and development inside the country, it's critical to grasp the mentality of both customers and producers [14].

A provider employs their conscience, reasoning, and awareness to negotiate prices and generate returns on investment in the same way. The psychological well-being of a person influences decisions on the basic challenge of an economy, namely, what to create, how to generate, or who to produce. Whenever you make a financial choice, including an investment.

It's a sense of release from the existing situation. People use positive psychology to try to achieve happiness in the present moment [15]. It's a Seligman-inspired method of dealing with bad experiences through positive thinking, positive light, and an emphasis on strength instead of weakness [16]. This paper discusses the advantages of positive psychology, the relevance of psychology in general, and particularly positive psychology in economics, as well as the function of positive psychology in the financial decision. Based on an examination of papers, articles, and books, the conclusion was reached that positive psychology has a favourable impact on decision-making in many economic activities.

A mentally robust person makes sound decisions in life, particularly in daily economic activities [17]. Humans are excellent consumers, profiteers, and producers. Humans will make sound financial choices. A high sense of well-being leads to wise decisions about income production, consumption, and distribution [18]. A cheerful guy develops powerful inventive ideas that he implements in his business. A country's economy flourishes, and that is in the hands of its citizens, such as policymakers, producers, and consumers, and all of them must be psychologically healthy via positive psychology.

### *1.3 Psychological Factors that Influencing the Consumer Behavior:*

Psychological factors are those that relate to a person's psyche and drive his pursuit of happiness. Figure 3 depicts some of the most critical psychological factors:

1. *Motivation:* The amount of incentive a customer receives affects their buying behaviour. Basic needs, security needs, social needs, esteem needs, and self-actualization needs all fall under Maslow's need hierarchy theory. Basic needs and identity improvement are often more pressing than some other needs, and as a result, customers are motivated to meet these needs.
2. *Perception:* Consumer's perception of a product and its brand influence his/her buying decision. Perception is the process through which a person selects, organizes and interprets information to arrive at a valid conclusion. For example, the Apple iPhone is considered a luxury brand, and buyers are encouraged to acquire one to be associated with the upper strata of society. Marketers place a premium on controlling perceptual processes, such as Viz. Selective Attention, selective retention and selective distortion are all examples of selective attention. The marketer uses selective attention to draw the attention of customers to his offers. Selective distortion occurs when different people have different impressions of the same thing based on their particular ideas and attitudes. As a result, marketers should endeavour to understand people's beliefs and attitudes before designing marketing strategies to keep them.
3. *Learning:* Individual learning is influenced by skills, intent and knowledge. The information and intent are learned via knowledge, while the capabilities are developed throughout practice. The conditional learning or learning approaches are possibilities.The consumer acquires knowledge through adapting to certain stimuli, i.e. when he is repeatedly exposed to the same situation, he develops a certain reaction to it. A person uses all his knowledge, skills, values, attitudes and beliefs to solve a challenge and enjoys it in cognitive learning.
4. *Beliefs and Attitudes:* Individuals have various attitudes and opinions about items that inspire their acquiring decisions. These attitudes and beliefs indicate a tendency to

react in a particular way to a product, and they come together to generate a brand image that drives customer buying behaviour. As a result, marketers strive to understand the attitudes and beliefs of humans to influence them through marketing campaigns.

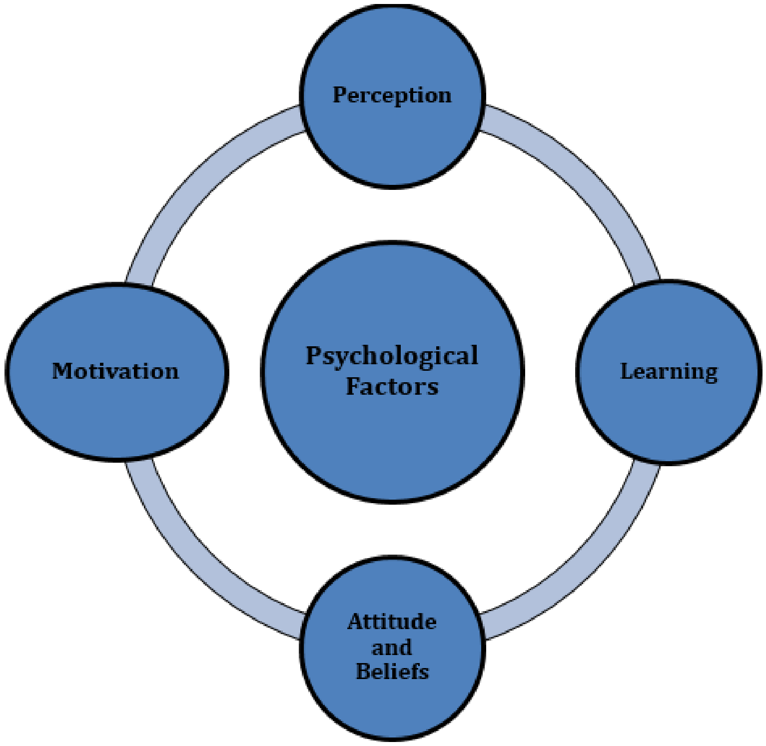


**Figure 3: The psychological factor is divided into four ways i. Perception, ii. Learning, iii. Motivation and Attitude and Beliefs.**

The Perspective of Economic Psychology:

- *Macro and Micro in the Economic Psychology:*

Economic psychology, like economics, includes a micro-perspective, which looks at things from the standpoint of microeconomic units (for example, one consumer's decision-making behaviour), as well as a macro-perspective, which looks at things from the perspective of macro-economic phenomena (e.g., depression and unemployment). Microeconomics studies economic phenomena through individual and family decision-making processes, while macroeconomics studies macroeconomic processes. From a macro viewpoint, economic psychology may examine macro-phenomena such as product distribution and other popular occurrences. However, both micro and macro perspectives are significant, it is also crucial to analyze the connection between micro and macro events. A popular phenomenon, for example, appears and fades quickly, but because it can be conceived of as an aggregation of individuals' social assessment and decision-making process, the accumulated popular phenomenon may be understood from the micro-perspective of personal decision-making. The link between these micro-and microeconomics has not yet been completely investigated, but it will be a hot area for future research.

A significant variety of economic psychology and behaviour research and ideas must be checked out and integrated. Even though many studies have demonstrated the effect of somatization on economic behaviour such as preference, consumption, evaluation, judgment, risk perception and decision-making, as well as domain character traits, the emergence of several scientific concepts with behaviour. Economics research on decision making and decision making has blurred the line between economics and psychology. People who study neuroeconomics begin to see the linkages between the neurological foundations of economic behaviour. Furthermore, we may discover that launching paradigm studies are fraught with difficulties. Much economic psychology and behaviour research rely heavily on the starting paradigm. Even if different styles of thinking exist under diverse cultures, if the increasing access to economic science is not recognized or if individuals do not employ this information, alternative symbolic representations for the same biological clues. Or it is possible to launch metaphors. Numerous research, such as the touch study, have revealed that contact can lead to more charitable economic behaviour. Behavioural finance explains why we buy products and services the way individuals do, why humans make particular decisions about themselves or others, and how we choose to plan actions. It's an extraordinary lens that reveals our decision-making and implicit bias methods.

Economic psychology is also concerned with how people behave economically in different cultural and historical situations. As a result, economic socialization, or how children learn to navigate their economic environment, has developed as a branch of economic psychology. Because of the physical changes that occur as children grow older, their psychological maturity must be taken into account in any interpretation of their economic decision-making. Economic psychologists are already studying wealth management within the family in the field of home economics. Financial negotiation strategies of families and couples, according to psychologist Carol Burgoyne, can reveal deep-seated conflicts and uncover important parts of their relationships that would otherwise be impossible to reach.

## 2. DISCUSSION

The psychology of donating has drawn a limited body of study but a lot of public interest. Gifts eloquently describe a universal rule: every gift is monetary and also a social transaction. In every society, there are many, though often unwritten, social rules that govern what can be given to whom and under what circumstances. For example, in the United Kingdom, it is not appropriate to present a young person's birthday to their mother. Surprisingly, the recipient feels the objections more intensely than the potential recipient. Money has a role in almost all economic activities. The psychology of money has therefore been a fundamental concern for economic psychologists. The dilemma is exacerbated because modern 'faithful' money is a psychological creation: it has value simply because we all believe it is.

Economic psychologists have investigated what constitutes good money, from the types of coins minted and their accurate valuations to the types of computerized transactions that allow people to control their spending. The author also examined some of the strangest things that people do with money, as there seems to be a universal rule that money attracts a certain extent of behaviour that is out of proportion to its true economic value. Psychologists have a good understanding of leadership and how it may help firms stay ahead of their competitors. People respond to great leadership instinctively because, as group-dwelling creatures, they recognize that what is good for their group is also good for them. To put it another way, the author believes psychologists understand economic development better than economists. The issue is putting this understanding into practice or finding successful leaders who are committed to the collective good rather than personal gain. Economic development is a broad term that refers to the deliberate efforts of politicians and communities to improve the standard of living as well as the economic health of a region over time. Quantitative changes within an economy are also associated with economic growth. Figure 4 shows the characteristics of Economic Psychology for a better understanding of the economy.

Despite the assumption that an economic factor has so many different properties that it must have significant psychological consequences, the economy is often overlooked in psychology as a predictor variable. This lapse has been sought to be corrected by economic psychologists. Studying how babies are learning to function within the environment that they are born in has become a popular method of research. This is characterized as 'economic socialization' research. Much previous research looked at how children's grasp of economic ideas increases as they get older. They have a significant impact on their whole households' economic activity, both via their inherent demands and their capacity to affect their parents' consumer and employment decisions.


**Figure 4: It represents the characteristics of Economic Psychology.**

As a result, children have been the focus of huge advertising and marketing initiatives, the validity and efficacy of which have been hotly disputed. Second, children exist in their economic universe, with trade transactions that are only distantly tied to the adult market. They may demonstrate far more complex economic comprehension in these exchanges than typical studies of economic cognition suggest.

*2.1 The Economy Individuals' Psychology:*

Income, neighbourhood security, education, work, and social support are all social and economic factors that can greatly influence how well and how long we live. These characteristics influence our ability to make healthy decisions, afford medical treatment, and housing, manage stress, and other things. While the purpose of a psychologist is to use their knowledge and research to help individuals, the benefits to the business, corporation or government include cost-effective and enhanced output, an invigorated work atmosphere, happier and healthier personnel, and superior product and service offerings. Individual behaviour concerning economic activities is the subject of economics. It is concerned with how a person spends money on various items to satisfy his desires, as well as how he makes economic decisions when dispersing his earnings. Psychology is also the study of human behaviour, thinking, and awareness, hence there is a strong connection between psychology and economics. You monitor individuals, deduce a set of beliefs and performance from their actions, and properly forecast future conduct.

Economic psychology also looks at how people function economically in various historical and social contexts. As a result, economic socialization, or how children are taught to negotiate their economic environment, has increased in popularity as a subfield of economic psychology. Because of the obvious physical changes that occur as children grow up, any explanation for their economic decision-making must take into account their psychological development. In the discipline of home economics, economic psychology is already examining wealth management within the family. According to psychotherapist Carol Burgoyne, financial negotiation techniques of families and couples can uncover deep-seated difficulties and reveal essential aspects of their relationships that would otherwise be impossible to understand.

The link between psychology and economics is complex, with many different variables to consider. Psychology is a science that focuses on the application of various principles to create new ways that can help people overcome problems in their daily lives. Psychological states and various diseases, education and knowledge enhancement, politics and law, business management, clinical psychology, sports psychology and community psychology are all examples. On the other hand, economics is concerned with what individuals do, and specifically with the study of economics at both the individual and collective level. Certainly, this relationship can be traced to the fact that both disciplines are social sciences, meaning that their concentration is on society and the individual.

Vision and future possibilities are used to make economic decisions. This is concerned with the psychology of various stakeholders in anticipating the future in terms of profit and loss. Shareholder psychology is used to anticipate future rewards. Another factor is the psychology of the employer and the customer. It deals with the employer's and employees' job-related decisions. Consumer demands and requirements are vital, and they must be addressed with a strong approach. Various decisions, such as production management (growing or decreasing) and sales management tactics, are all aspects of psychology. So, to accomplish greater economic advancement and development inside the country, it's critical to grasp the mentality of both customers and producers. Economics psychology is an interdisciplinary study of the link between psychology and economics. It is interested in the psychological underpinnings of capitalist economics of the people and the psychological consequences of economic activities.

## 3. CONCLUSION

The effect of psychological elements on economic developments is referred to as economic psychology, and its outer expression is economic behaviour. As a field that studies human psychology and behaviour, psychology has no reason to neglect economic research. This study examines the most current results and findings in economic psychology from three angles: behaviour, physical cues, and the movement or displacement of other people. It explores the implications of economic psychology as well as the consequences of rational human perception of classical economics and future research directions. To develop a cohesive behavioural relationship based on a rational thought process of interest distribution, it is essential to understand the psychological reasons driving conflicts and interests in economic psychology and behaviour analysis. In short, psychology helps individuals to a great extent because it can explain why women behave in certain ways. A psychologist can help enhance their decision-making, stress management, and conduct by studying past behavior and using this type of professional knowledge to predict future behavior.

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# CHAPTER 8

# CULTURAL ECONOMICS: THE IMPORTANCE OF PRESERVING THE HERITAGE OF INDIA

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***ABSTRACT:Investment in heritage and culture (or even other sorts of culture) is usually claimed to improve economic growth, in other terms economy generated from culture can be called the cultural economy.Cultural Heritage reflects the shape of people's value system, beliefs, or aspirations, creating their national identity, and it is vital for preserving our cultural past because that safeguards our national identity.This economic growth has benefited foreign currencies, income growth, also Gross Domestic Product (GDP) growth. Tourism also has developed as an economic growth catalyst to generate alternative jobs, encourage expanded infrastructures, or boost the flow of both local and foreign tourists, resulting in regional or national development.India, a country rich in natural and also man-made heritage, has accepted this unique type of tourism with welcoming hands.This research examined the impact of cultural growth (tourism) on the economy of the country and immediately attempt to establish a relationship between tourism and the economy. The current study found that the major amount of contribution to the economy is from the culture and its related activities. Furthermore, this study will help in enhancing the economy with the help of the implementation of strategies to attract foreign tourists to visit our country and enhance the pace of economic growth.***

***KEYWORDS: Cultural Heritage, Gross Domestic Product (GDP), Economy, India,Tourism.***

## 1. INTRODUCTION

The phrase culture economy refers to a subgroup of economic activity that is focused in cultural products and activities (like music, movies, or fine art) rather than transportation and mining [1]. In other words the term "cultural economy" focuses on cultural areas of economic activities (The design or marketing of any product or service; or, simply, the social dimensions of the organization of production).Only lately have writers attempted to dispute the duality (the culture and the economic); they have expanded the opportunity for a review of the right description of economic activity and, as a result, the cultural economics is criticized on its terms. This is critical for understanding the current reuse with the cultural economy[2].There is a growing political emphasis on cultural heritage, because of social and economic activities, there is an increased interest in public history, and many people view heritage as a method to boost economic activity in economically depressed places.
Tourists are increasingly seeking cultural activities. Tourists are drawn to numerous areas by culture and heritage, which includes both solitary monuments or historical sections or city cores. Furthermore, local efforts like concerts, performances, and amusement parks are proliferating and also can probably attract visitors to the neighborhood. Natural heritage is also being used for commercial objectives, such as "Eco-tourism". This is a complicated as well as developing area.

Economists evaluate the importance of culture from (at least) two perspectives: Firstly, economists attempt to quantify the worth of different components of culture, such as an opera, an art museum, or a well-preserved medieval city center. These are items that are not exchanged on a regular market, which means they have no market rate.Most of the conceptual dispute in geographies over the "cultural turn" has been placed opposing Marxist structuralism or production, but conceptual discussions about postmodernism or post-structuralism have emphasized the play of pictures. It was utilized to define the consuming experiences in the practice of advertisement, cinema, and other comparable arts.The financial benefits of culture and heritage maintenance are mostly obtained by non-visitors or tourists.Visitors were willing and able to pay to acquire access to the system. They might both have used as well as non-use prices, and also the contingent valuation (CV) study could be conducted on-site. Cultural heritage capital investments often relate to some activities, like conservation, improving access permission, and adaptive reuse of cultural artifacts. Standard investment evaluation methodologies may be used to calculate the economic benefit of the required capital spending [3].

*1.1.Effect of Climate Change on Cultural Economics:*

Climate change, on either hand, has been shown to have a significant influence on a variety of economic sectors in an economy. This might lead to changes in agricultural or forest profitability, alterations in tourism supply and demand trends, output losses due to floods, or the expense of restoring infrastructures following catastrophic weather patterns.These examples show that a region's economic susceptibility is heavily influenced by its geological, natural, sociological, or cultural aspects.

Furthermore, climate change has a direct as well as a severe impact on the tourism industry, impacting operators, destinations, and tourists[4].Exploring the effects of climate change on destination marketing and visitor demand patterns has therefore become designated a new field of research in this sector [5].Environment change may make sites more or less appealing to tourists by enhancing everything that was previously a less favorable climate and conversely. Furthermore, changing climate may have an indirect impact on tourism. Climate-related impacts on the built and natural environment, which would be a complementary resource for tourist infrastructure, could make cultural heritage places less desirable [6].

Figure 1, depicts the multidimensional interaction between climate change and also the tourist system,and also the four major ways wherein the changing climate may affect tourism's future possibilities.The first pathway involves immediate climatic effects on the duration or effectiveness of climate-dependent tourist seasons.The picture of the location in the second pathway is influenced by indirectly climate-induced ecological variables affecting natural resources.

In the third pathway, indirectly climate change causes socioeconomic shifts like diminished economic development or discretionary income, higher political instability or security hazards, or shifting travel preferences.

Lastly, the fourth route would include other sectors' policy responses, like mitigation strategies, which might change transportation cost structures as well as destination or mode choices, and also adaptation regulations concerning water rights or insurance rates; this has important ramifications for tourism activities and also operating expenses [7].

There has been important on the relationship between climate change and tourists. Many studies focus on specific tourism sites and study whether climate change effects and therefore can affect the area tourism business.Some research, known as sensitivity analyses, construct statistics behavior patterns by concentrating on the tourism demand of specific kinds and groupings of visitors as a result of climate and weather. Variations in tourism activityhave also been considered in simulation models, wherein variations in tourism flow are evaluated depending on how climate change will affect them and impacts a location's attractiveness compared to its rivals [8].

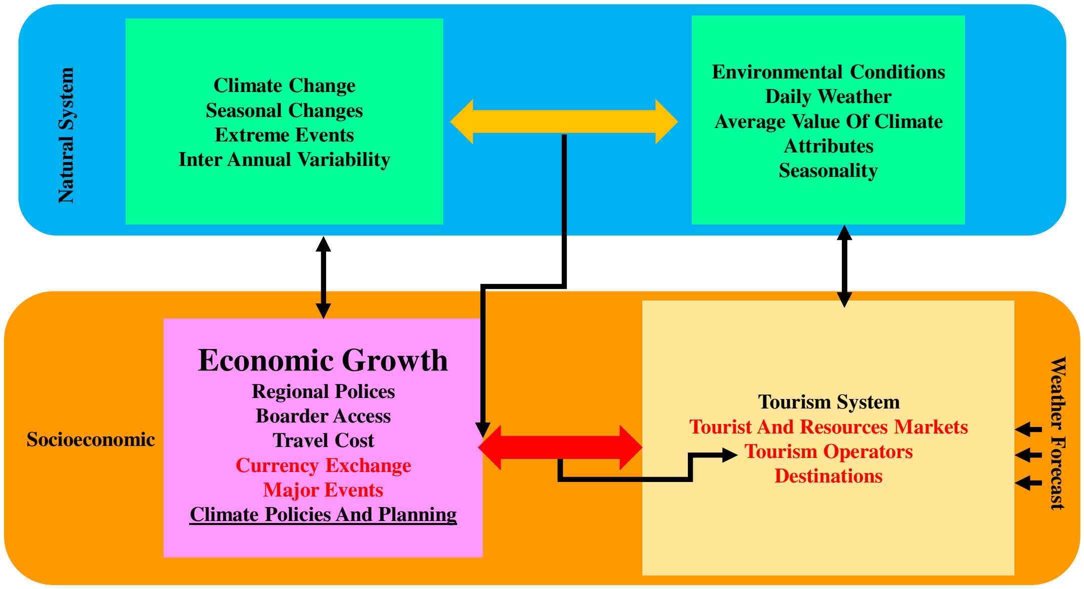


**Figure 1: Depicts The Effect Routes of Climate Change.**

*1.1. The Economic Consequences of Cultural Heritage Initiatives:*

There are various ways in which an expenditure might impact the local economy. Different scholars concentrate on different pathways, and also the distinctions between them are not always evident. Analyses of development's local economic consequences have been conducted, particularly to evaluate the impact of employing state subsidies to promote industries in decreasing areas.Such research has relied on the "economic base model." This model differentiates among core industries, which produce profits from outside of the region from regional export of goods, or other sectors, that sell their products primarily within the region and therefore do not create "New" revenues.Investment in basic industries has two economic benefits:

- First, jobs are created in the core industries or,
- Second, increasing domestic supplies to the core industries produce more jobs and revenue.

Such evaluations have been conducted for investment in various industrial projects or industries, for estimating the "impact of tourism,"as well as for calculating the "impact of" the cultural sector on a local economy.

*1.2. The Cultural Economy: The Business of Cultural Services and Good:*

This concept thepolicymakers have found the cultural industry's production system to be effective; it strives to handle both the 'breadth' of culture (services such as film, broadcasting, books, computer games, theater, music, and so on) and also the 'depth' of current culture (activities that are important to produce cultural outputs:(consumption, distribution also the manufacturing).The cultural industries production framework contends the occupation, as defined by Florida, provides only incomplete analysis or fails to convey the social construction of labor or information within the cultural industries [9]. Current study focuses on the cultural practices that have influenced the economy of our country, India. Mainly tourism is the most significant factor that adds a big amount to Indian economy and GDP.

## 2. LITERATURE REVIEW

Tuan and Navrud have carried out a study on the ways benefits of cultural heritage can be captured as well as the ways to improve the site conditions by using a contingent valuation (CV) survey. They performed a CV survey of a World Heritage site preservation program, utilizing the projected advantages for visitors to identify the best entrance fees to maximize revenue for the site. They found that as the entrance fee raises, the number of people willing to visit decreases, as one would expect. However, because the percentage decline in visitation is smaller than the % increase in the entrance fee, estimated revenue rises to around $14. The results showed that implementing the best pricing regime will enhance revenues while decreasing congestion at the site [10]. Another study by Salam undertook a project to find a solution for the desecration of cultural heritage in Minya, Egypt. His study was composed of two projects for different sites; one for Mallawi Museum and the other one for Minya University. Different kinds of interpretational methods such as craft-making workshops, living history, storytelling, and archeological demonstrations were used and the results for both the community projects reflect that the use of community participation and engagement connects people with cultural heritage for better preservation in Egypt [11].

Bairagi et al. studied the approaches for preserving cordillera heirloom rice in the Philippines which is known for major cultural value. They proposed several interventions and strategies for heirloom rice valorization. They carried out this study by studying the consumer demand by interviewing 500 urban people who placed a bid on heirloom rice which was less than half of the market price which explained the struggle of heirloom rice for the market. Further, their research indicated that proper data on the heirloom rice farming can accelerate the demand as well as it can further valorize the heirloom rice to preserve its cultural heritage [12]. Wang studied and discussed a strategy for the preservation of cultural heritage that is intangible through education using a framework system that is based on the actor-network theory (ANT). Observations, document analysis, and interviews were undertaken for the study. His results demonstrated 1. The need to connect the everyday life of the current context with cultural heritage education; 2. Efforts from government, industry, schools, museums, and research institutions are necessary for creating a successful cultural heritage educational network [13]. Papangalis et al. also studied new directions that can help preserve theusing mobile technology to preserve intangible cultural assets. In their study, they explored the mobile technologies to preserve cultural heritage using three areas which are a) documentation of cultural heritage; b) traditions translations as well as their mode of expressions for mobile-tech based designs; c) ethnography and co-designs to build mobile experiences that are more meaningful [14].

*Research Questions:*

- Explain three reasons why tourism is essential to the Indian economy?
- How can the tourism industry or commerce contribute to economic growth?

## 3. METHODOLOGY

*3.1. Design:*

The data was gathered from several government websites, research materials, and newspaper stories that were used in the current investigation. Several keywords were used out of which “Cultural Economics”, “Tourism”, “Indian Heritage”, “Travel”, and “Cultural activities”.

Few literatures were found relevant, out of which the following data has been collected as shown in Figure 2.

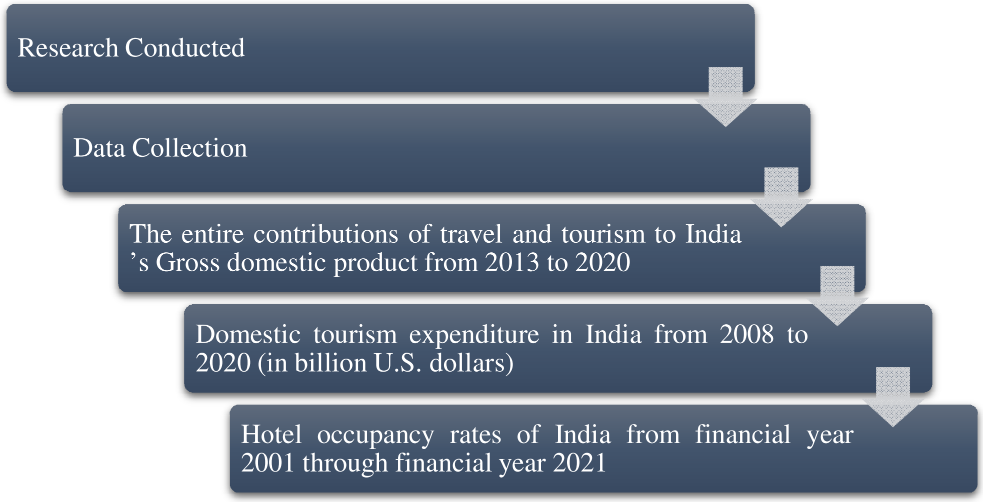


**Figure 2: Depicts the Flow chart of the Impact of tourism on the Country's GDP.**

*3.2. Data Collection:*

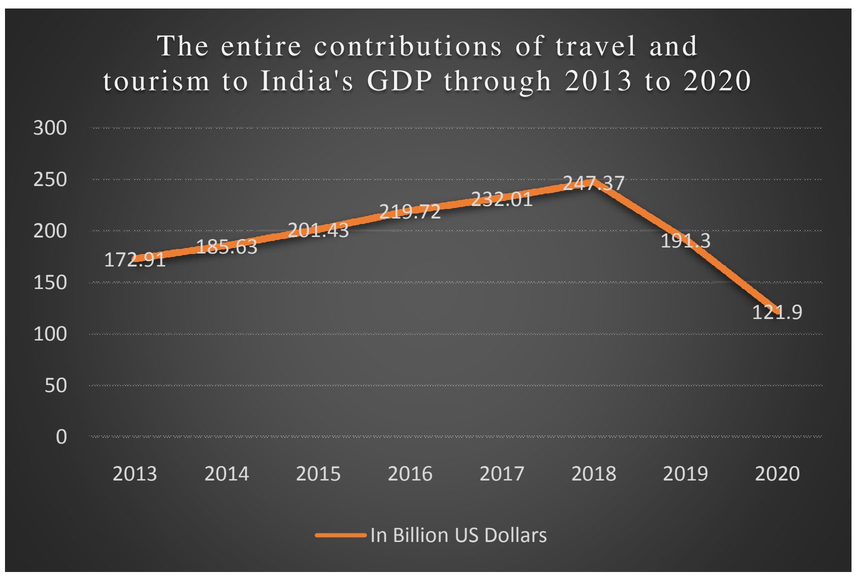


**Figure 3: ShowsTravel and tourism's contribution to India's GDP from 2013 to 2020.**

The travel and tourism business in India contributes around 122 billionin 2020, and the country's GDP will be calculated in US dollars. Over 10 million international visitors visited the country in 2017, producing over 27.31 billion US dollars in foreign exchange revenues shown in Figure 3.

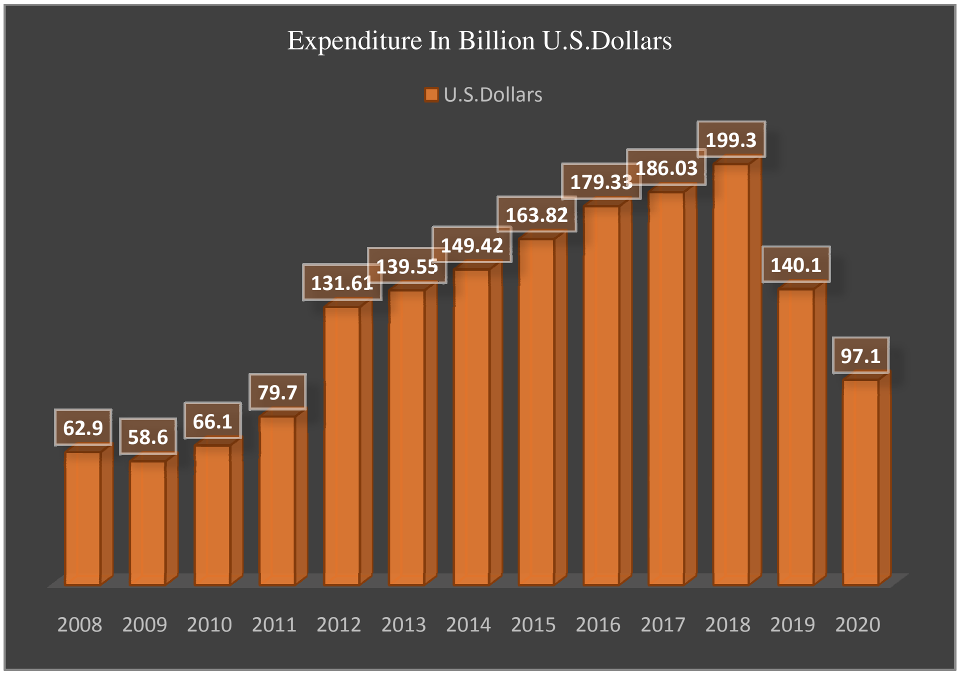


**Figure 4: Domestic tourist expenditures from 2008 to 2020 in India (in billion U.S. dollars).**

India's domestic tourist expenditure in 2020 is expected to be 97 billion US dollars. This was a huge decrease from prior years, which was predictable given the advent of the coronavirus epidemic and ensuing lockdown. Despite this, the south Asian country placed sixth in the world when it comes to domestic travel or tourist spending last year shown in Figure 4.

*3.3. Data Analysis:*

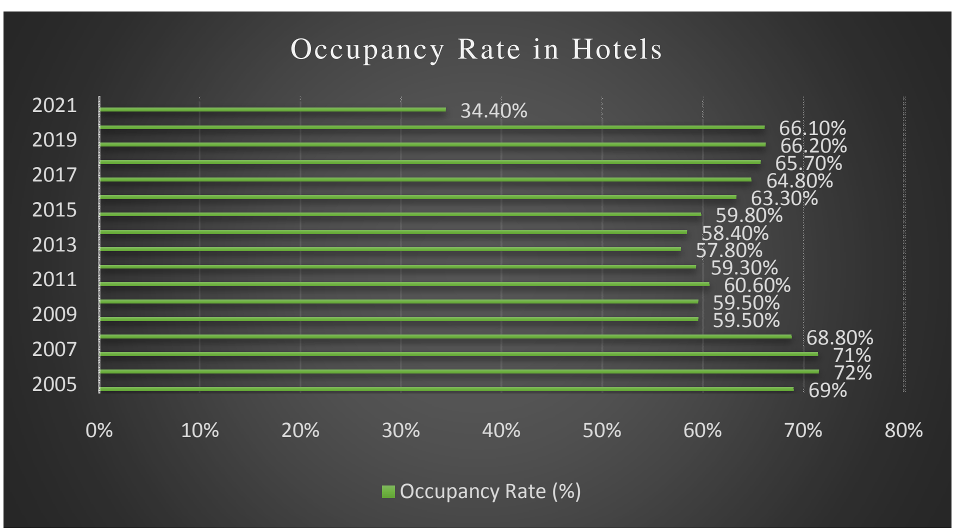


**Figure 5: Hotel Occupancy Statistics in India from Fiscal Year 2001 through the Fiscal Year 2021.**

The occupancy rate of hotel chains was 34.4 percent in the fiscal year 2021, a considerable decrease from above 60 percent in prior years. Midscale hotels had the greatest occupancy rate of about 37 % among all hotel classes. The drop was caused by the coronavirus (COVID-19) outbreak shown in Figure 5.

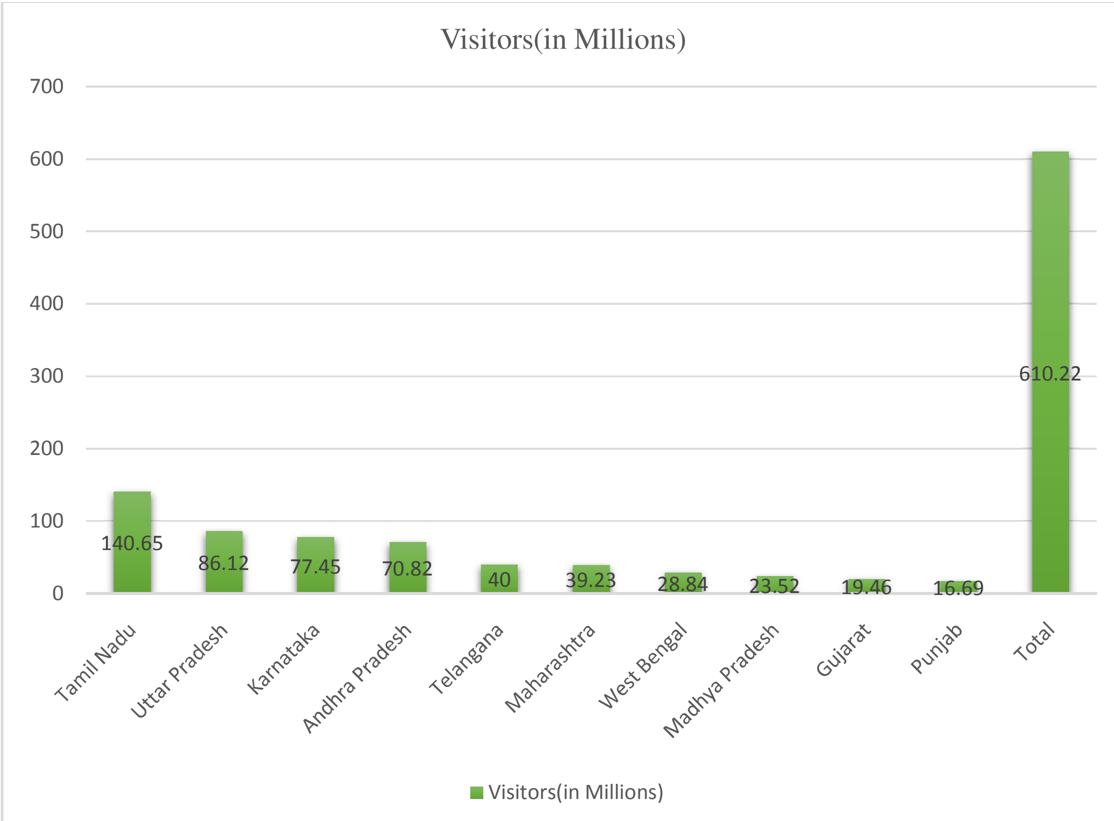


**Figure 6: Number of Domestic Tourists Coming In India by Top State in 2020.**

With over 140 million tourists coming in 2020, Tamil Nadu was the state with the most domestic tourists. That same year, the nation experienced over 610 million domestic tourism visitors shown in Figure 6.

## 4. RESULTS AND DISCUSSION

In 2020, the travel and tourism sector in India will generate around 122 billion US dollars to the country's GDP. In 2017, nearly 10 million overseas tourists arrived in the country, generating over 27.31 billion US dollars in foreign exchange income.Domestic tourism expenditures in India are estimated to reach 97 billion US dollars in 2020. This was a significant decline from previous years, which was to be expected given the coronavirus pandemic as well as subsequent lockdown. Despite this, South Asia ranked 6th in the world in terms of domestic travel and tourism spending last year.Hotel chain occupancy was 34.4 percent in the fiscal year 2021, a significant decline from above 60 % in previous years. Among all hotel classifications, the mid-scale hotel had the highest occupancy rate of around 37%. The drop was caused by the coronavirus (COVID-19) outbreak.Tamil Nadu was still the state with one of the most domestic tourists in 2020, with over 140 million visitors. In the same year, the country received approximately 610 million domestic tourism visitors.

Because of its rich culture, heritage landmarks, as well as magnificent natural beauty, India is one of the world's most popular tourist places. It is true, not only for international visitors but also for the country's growing affluent middle class, which is expending more time and cost on domestic travel than ever before.The economic effects of tourism included increased tax revenue and rising incomes, improved living standards, and much more employment opportunities. Interactions between persons with distinct cultural backgrounds, behavioral habits, and material connections all have sociocultural implications.Tourism Economics is a peer-reviewed worldwide publication that covers the commercial elements of hospitality in a broader framework. It considers developmental restrictions like community and social interests, and also the sustainable use of tourist or recreational resources, and also contributions to the process of production. The growth of various local crafts or cultures is aided by tourism, which has an impact on the income of local craftsmen as well as the artist.Tourism also aids in the maintenance, preservation, or enhancement of history and culture. Therefore, tourism might provide avenues for multi-sociocultural cultural activities.

## 5. CONCLUSION

Cultural heritage is a mirror of a society's manner of living that has been passed down through the generations, and then it includes customs, events, places, artifacts, artistic expressions, or beliefs. The term "culture economy" relates to a subcategory of economic activity focusing on cultural items as well as activities (such as music, film, or artwork) instead of transportation or mining.Exaggerated assessments of the economic implications of culture, especially cultural heritage, have affected political discussion, according to an assessment of studies investigating the impact of culture on a regional economy. Many studies have failed to adequately account for all aspects, instead of focusing solely on the favorable benefits to the area's economy.In terms of total contribution to GDP, India's travel and tourism industry ranked seventh worldwide. According to an analysis of cultural heritage sites' socioeconomic significance, they provide a diversity of both market and non-market benefits to society, with some of them related to use-value and others with non-use values. Non-market advantages frequently play a substantial role in preservation, necessitating an evaluation of socio-economic risks. According to the findings of this study, tourism provides financial prospects for the growth of many local handicrafts and cultures, impacting the revenue of local craftsmen and artists. Tourism also aids in the conservation, retention, and enhancement of our cultural heritage. Further, tourism would create new opportunities for multi-sociocultural activities.

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# CHAPTER 9

# EXPLORING THE SIGNIFICANT ASSOCIATION BETWEEN LABOUR PRODUCTIVITY AND ECONOMIC DEVELOPMENT OF A COUNTRY

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***ABSTRACT: Actual output per working hour is a way of measuring labor productivity, and the change in this ratio over time is used to calculate the increase in labor productivity. Labor objective performance enhancement measures ensure that employees produce more goods and services in a given amount of time than they could otherwise. By improving productivity, technological innovation and advancement enable nations to produce at reasonable rates. Improved factor productivity would allow a greater concentration of production in the nation's economy. Factor productivity affects other parameters, but developed nations meet these demands better than developing countries, so factor productivity in developed countries is higher than factor productivity in developing countries. The influence of worker productivity on India's economic and social development is examined in this study. "Physical capital investment", according to experts, has a beneficial effect on worker productivity and, consequently, economic strength. Labor productivity is unaffected by new technology, however, labor employment in the company is negative. The objective of this paper is to know more about labor productivity and the economic growth of the country. Labor productivity is particularly important in developing countries because most new jobs are still done by hand. This paper will be useful in understanding the role of labor productivity in future economic development.***

***KEYWORDS: Efficiency, Economic Growth, Human Capital, Labor Productivity, Physical Capital.***

## 1. INTRODUCTION

The building industry is dealing with several productivity difficulties. Productivity can be defined and characterized as one of the most important factors in determining the overall success of any firm, whether small or large, and the majority of problems are linked to Labour performance. Worker performance is impacted by several factors, most of which are related to time, cost, or quality. In the construction sector, improper resource management can lead to low production. As a consequence, construction managers must be aware of the techniques for evaluating the productivity of various craft instruments or laborers. It's vital to have a strong grasp on the productivity elements that go into the entire product mix, including Labour, equipment, or cash flow, in general, to reach the targeted income from any building project. In the transformation process, there are several input resources, but one of the most essential is Labour productivity. Management is expected to better allocate scarce resources, provide better support to workers, and increase employee engagement if they have a better grasp of the factors that drive Labour productivity [1], [2].

### *1.1.History of Labour Productivity:*

"Efficiency" is a word that may be defined by a wide range of definitions. Taking the construction industry as an example, the number of units of work put in or generated per man-hour is known as efficiency. Worker hours per unit (unit rate), the reverse of professional efficiency, is also commonly used. The relationship between creativity and all or a portion of the assets utilized to generate that output is defined as efficiency. The two sorts of results are homogeneous and heterogeneous. Work, energy, capital, unprocessed components, and other assets are examples of assets. As a result, the ratio of income to actual hours might be used to calculate efficiency. The problem with this technique is that it is difficult to build credibility and create standards. It is also dependent on the specific method for evaluating productivity as well as the extent to which all of the factors impact it. On a building site, contractors are typically concerned with worker productivity and this can be characterized in several different ways [3], [4].

*1.2.Economic Growth and Labor Productivity*

An increase in Labour productivity, which essentially means how efficiently we do things fuels up the long-term economic development. In other words, how efficient are the Labour of the particular country and the utilization of other resources? The amount of production that each employee of the organization creates per unit of time is what is used to define Labour productivity. Consider the difference between a US worker who can only make two loaves of bread in 1 hour and a worker from Canada who can make ten loaves of bread in the same hour. Therefore, the given hypothetical situation suggests that the Canadian workers much demonstrate more productivity [5], [6]. To put it differently, being much more productive is being able to accomplish more in less time. As a result, resources that may be put to greater use elsewhere become available. Worker productivity is influenced by physical capital, technological progress, and human capital. These are also crucial aspects of economic growth. Physical capital refers to the tools and instruments as well as other resources that workers use. Physical capital, as described more clearly, includes not only the equipment and plants used by businesses but also infrastructure such as transportation equipment such as roads that contribute to a country's economy. Again, increased production means more physical capital. Physical capital has two effects on productivity [7], [8]:

- An increase in physical capital quality (e.g., more computers of the same quality).
- The acquired knowledge, expertise, or skills of a typical worker through education and experience is known as human capital.
- In a general sense, the relationship between labor productivity and human capital is proportional to the degree of education. The increase in capital or physical capital is similar: in both situations, the current investment pays off in future production.

Technology is another aspect that influences worker productivity and the technological change is the result of a mix of invention increases in research and technology, which is the application of those advancements in the creation of a new service or product. The transistor, for example, was created in 1947. It allowed us to reduce the size of electrical equipment while also using less power than tube technologies that were utilized previously. Since that time, advancements in technologies have resulted in transistors with small size and better efficiency that are now present in a wide range of items, including smartphones, escalators, and computers. With the invention of the transistor, people may now operate from anywhere using tiny gadgets. These gadgets may be used to measure the quality of the product, interact with coworkers, or carry out any other activity in less period, increasing the productivity of the worker [9], [10].

The creation of new items such as the smartphone, the laser, as well as new miracle medications springs to mind when most people think about modern technology. Another example of innovation in the production of food is the creation of seeds with drought-resistant properties. Nevertheless, technology, as defined by economists, encompasses much more. It comprises novel institutions that assist the process of transforming input into output, such as the development of the assembly line. It also involves new ways of arranging labor, such as the creation of the assembly line. In a nutshell, technology refers to any advancements that allow current machines or other inputs to generate more and better quality items, as well as whole new ones [11], [12].

*1.3The Aggregate Production Function:*

The concept of the economic process may be used to codify these principles. The process of changing the inputs such as machinery, labor as well as raw materials into outputs used by the consumer such as services and goods is known as production function. A microeconomic production function describes the relationship between an organization's outputs and inputs, or perhaps an industry's outputs and inputs. Overall productivity is the relationship between the inputs of several economies but in macroeconomics, there is also a gross domestic product (GDP). Figure 1 shows the total production function.

*1.2.1. Aggregate Manufacture Function Components:*

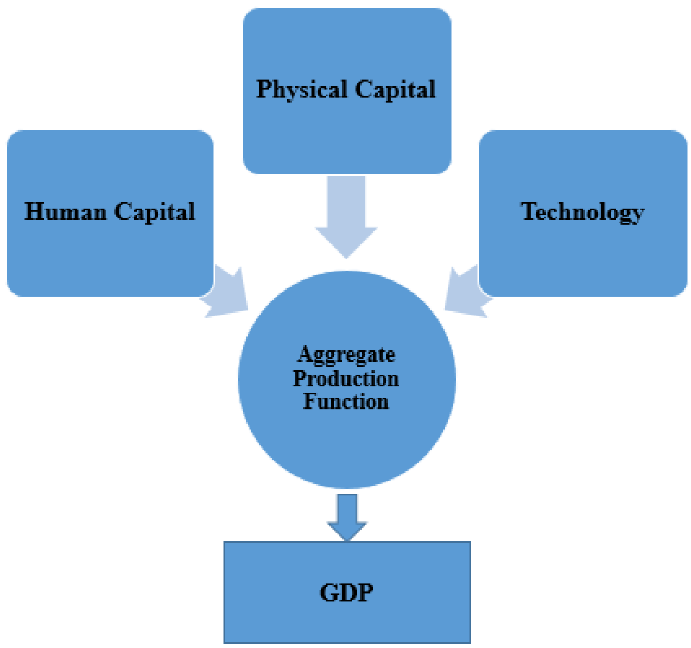


**Figure 1: Illustrate aggregate production as a function and generating an economy's output is depicted by function.**

*1.3.**Economic Development and Living Standards:***

According to sources, economists commonly use real GDP per capita as a proxy for living conditions. Figure 2 depicts the aggregate per capita production function, which may be used to investigate how living standards evolve gradually over time. The aggregate per capita productivity of the economy is very similar to the supply side of the economy, except that it divides all elements by the population. The inputs are an acceptable standard of physical capital per person, an average level of technology per person, and an average level of human capital per person. Technology per person, human capital, and physical capital all improve with time, resulting in a higher standard of living[13], [14].

Depending on the topic of their study, economists design several production functions. Two instances of aggregate production functions are shown. GDP is the output of the first production function. Workforce, physical capital, human capital, or technology are the inputs in this case. In the module, we go over these inputs in further detail. Economic Growth's Components.

*1.4.Aggregate Per Capita Production Function:*

Inputs such as human resources per person, technology per person, and physical capital per person are translated into the output of GDP per capita.

*1.4.1. Aggregate Production Function:*

The transformation of economic inputs like human capital, physical capital, or technology into GDP-measured output and the whole process involved in it is called the aggregate production function.

- *Human capital:* Workers' collected education and skills.
- *Invention:* Applying advances in knowledge to a new product or service.
- *Innovation:* Applying advancements in knowledge to a novel service and product.
- *Technological change:* A mix of innovation and invention (advancements in knowledge).
- *Labor productivity*: Every person or per hour worked, the amount of output generated (sometimes called employees productivity).
- *Manufacturing function:* The process through which a company converts economic inputs such as machinery, labor, or raw inputs into products and services used by consumers.

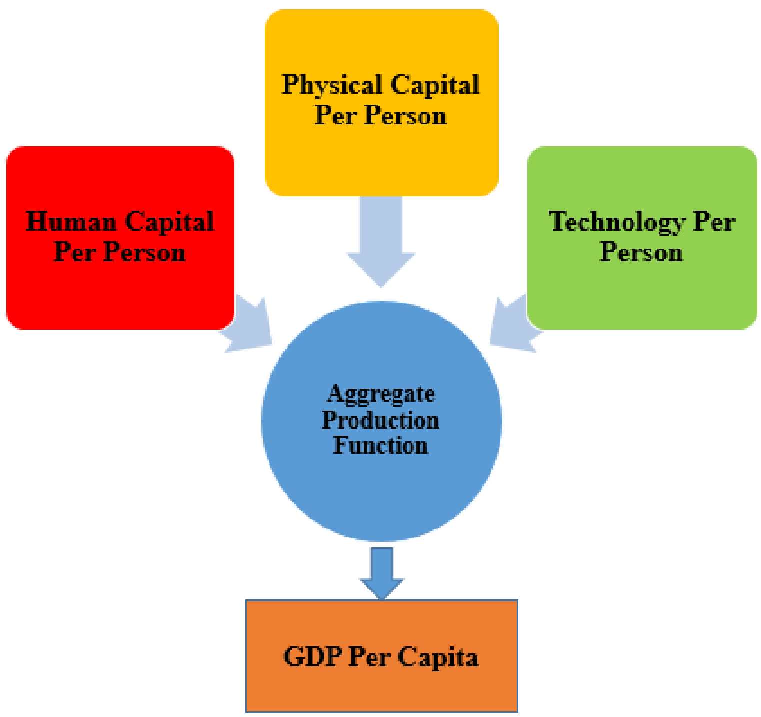


**Figure 2: Illustrates the Aggregate Per Capita Production Function.**

The study's purpose was to compare current patterns in labor productivity and economic growth. The conclusions suggest that the relationship between labor productivity increases varies greatly over time and is neither continuous nor steady. The resulting claim is that labor-management ties are poor or non-existent.

Pre-crisis productivity or economic development, as well as the initial phase of the post-crisis era However, over a period of time, the boost in labour productivity that occurred during the crisis becomes a substantial driver of the economy. In this paper author discussed labor productivity and how labor productivity is beneficial for economic development.

## 2. LITERATURE REVIEW

Suna Korkmaz studied Using the panel data analysis approach, this paper examines the link between labor productivity, which would be a partial factor of productivity, but also economic growth in seven organizations for economic cooperation or development (OECD) nations from 2008 to 2014. Technological discoveries and improvements enable countries to produce at cheaper prices by increasing productivity. Higher levels of output and employment would be possible if factor productivities increased. Because factor productivity impacts many other parameters, and developed nations satisfy these requirements better than emerging ones, developed country factor productivities are greater than developing country factor productivities. The author discover a unidirectional causation link between economic growth and labor productivity based on the test findings [15].

B.Prakash Rao studied daily labor productivity, as well as the elements that influence it. Productivity is an important aspect of the construction sector that can be utilized to gauge production efficiency. It can also aid in the analysis of a company's economic growth in specific situations. This paper aids in the investigation of several elements that influence labor productivity. The reliability test, factor analysis, and regression analysis were among the tests employed in this study. The researchers concluded that planning is the most important aspect, followed by material availability [16].

Gayatri B. Bagane studied during the project planning phase and even during the execution stage of the project, project managers should examine labor-impacting elements to estimate productivity. It helps the construction sector to achieve objectives, stay competitive, and fulfill the expectations of stakeholders. Various approaches for evaluating labor productivity at various levels have been proposed in previous research investigations, but none of them has proven generally satisfactory. Labor Productivity must be measured subjectively and quantitatively since it influences the total productivity of a building project. As a construction project, it encounters a variety of issues and complicated aspects such as cost and timeliness. Through the use of the criteria mentioned, building organizations will be able to increase construction quality, economy, speed, and efficiency by removing barriers to labor productivity utilization [17].

## 3. DISCUSSION

Workplace productivity growth is a financial indicator linked to economic growth, the standard of living, and competitiveness. Labor productivity is defined as the total amount of output (measured in terms of GDP) generated per unit of labor during a specific period (measured in terms of several employees or working hours). The index enables clients to compare economic output-input levels over time but in terms of GDP per unit of labor. Also, growth rates, offer a full picture of human resource quality in the process of production or efficiency in a particular economic and social setting.

To start, the Motivation components have the greatest influence on the variance in Labor Productivity. Employee unhappiness may harm productivity. As a response, the construction sector should improve worker happiness by paying a fair wage, instituting a recognition program or providing a financial incentive, or increasing productivity. Although this study focused on on-site construction, there are other elements to consider in the construction sector. Other contributing elements affecting construction industry productivity at various stages of the procurement process, such as providing sufficient training to employees, should be investigated in the future study. The location's layout in advance; a methodical Workflow, Employees must be paid on time, and they must be motivated to finish the task. To avoid a work stoppage, a strategy must be developed ahead of time. Correct, unambiguous, and on-time supervision; Maintain a tight work ethic, and provide provisions for laborers. Advance material and equipment planning, use of automation systems, and modern equipment to the greatest extent feasible, Material acquisition and management must be done appropriately and on schedule. Before beginning work, make sure all legal paperwork is in order. Funds are systematically planned.

*3.1.Techniques for Scheduling:*

Computer-aided building company management must be employed in each project to guarantee that works permit continuous job performance but also optimize the timings of related activities, and project scheduling techniques should be used to reduce labor force idleness.

*3.2.Application of a Motivational System:*

To enhance worker morale, contracting organizations must implement people management initiatives. Consider tying pay to the performance of the employee, ensuring that salary, safety, fringe benefits, or workplace circumstances are all variables should be of at least acceptable conditions, and expanding occupations to include wholeness, variety, challenge, and self-regulation.

*3.3.Study of Productivity:*

To identify problem areas and recommend improvements, contracting companies should conduct productivity investigations at the action as well as on the operational level, such as examining variables that affect worker productivity and assessing labor productivity. Contracting businesses are also encouraged to save historical information on productivity studies in finished products to improve the accuracy and effectiveness of future project cost projections.

*3.4.Procurement Mechanism for Projects:*

The traditional procurement management approach must be replaced with a design-build system. Contractors will be allowed to take participation in the process of design, which would also reduce change orders during the execution of the project.

*3.5.Improving Contract Terms:*

Contract requirements must be strengthened to employ extra management strategies. Time planning and productivity management statements should be incorporated in the contract or enforced regularly all through the lifecycle of the project.

*3.6.Programs for Improving Productivity Training:*

There is a need for training workshops and programs on issues that will improve the efficiency of construction projects. The training effort should concentrate on upgrading project scheduling tools such as Primavera and Microsoft Project. The effort must also focus on improving productivity research tools and methods for improving productivity on building sites.

Figure 3 depicts some of the factors that influence monetary development. Advances in labor utilization - that is, how long people work - and gains in labor efficiency that is, how much we create per hour we work - both contribute to GDP growth.  The degree to which the population is engaged in legitimate business, the labor force cooperation of that populace, the rate of joblessness among those associated with it, as well as the typical labor hours by representatives are not resolved. The amount of money available to each specialist, including what market analysts refer to as "multifaceted efficiency," impacts work efficiency. There is some disagreement about what productivity is and what it measures, although it can generally be defined as the way labor or capital is integrated and employed.

One of the most pressing issues in the economy is the effective use of economic resources. Because resources are limited in the economy, efficient usage is essential. Each country has a production level that can be reached if its resources are used to their maximum potential. If the variables employed in the production of the project are efficient and full, or if the efficiency of these factors is raised, an increase in output level is predicted. The productivity of capital, labor or raw materials may all be improved by changing the production factor. Labor productivity is the most commonly utilized partial efficiency in the economy, which is assured by growth in knowledge and abilities. Technological improvements created via research and development efforts are another component that boosts labor efficiency.

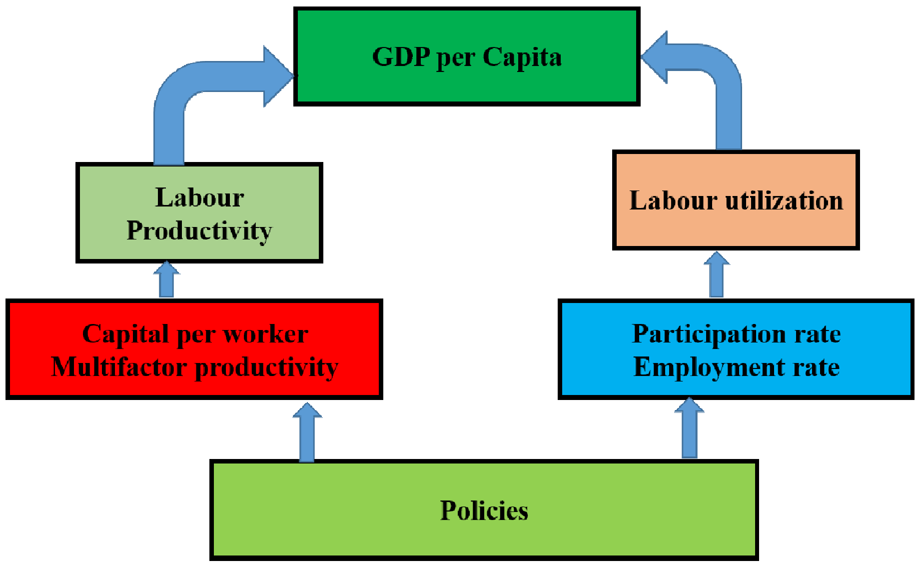


**Figure 3: Illustrate the Labor Contribution to the Economic Development.**

Workplace circumstances and climate have an impact on employee productivity. One of the most significant variables influencing economic growth is productivity. It has an impact on economic growth by lowering input prices and increasing the efficiency of the production element. In emerging nations, productivity drives growth and development of the economy; in developed countries, it also contributes to long-term economic growth. Because the former has proper education, economic, or health infrastructure but are active in technological innovations, worker productivity in industrialized countries is higher than in underdeveloped countries. It is revealed that there is still a long-run equilibrium relationship between worker productivity increases between these years. Furthermore, the causality test reveals that the link between economic growth and worker productivity is unidirectional. The test results confirm the theory that nations that provide economic development have higher Labour productivity.

## 4. CONCLUSION

Labor productivity or its underlying economic chain can be used to complement other macroeconomic variables and obtain a better understanding of economic development, particularly the rate of growth in productive capacity and labor input in the short and long term. Labor, supervision, owner/consultant, external factors, designers, and equipment factors, execution planning factors, work time factors, financial factors, health, and safety factors, project and quality factors, organization factors, coordination, and leadership factors were all proposed for this study. Independent variables affecting labor productivity in construction projects in a theoretical model. The purpose of this study is to identify the root causes of probable factors influencing worker productivity in the construction sector. The primary purpose of the study is to examine the many factors influencing worker productivity in the construction industry. Based on observations and analysis, the important determinants influencing labor productivity are outlined. the cleanliness or hygiene of the construction site, as well as the cleanliness and hygiene of the temporary shed; accidents at work; drinking; lack of building supplies; working overtime; payment delay; insufficient equipment; Designer change order; poor quality building materials; misunderstanding of workers. Labor productivity, in its most basic form, evaluates how much more work employees can do for a given amount of work, versus how much more can be consumed over time. This paper aims to understand more about labor productivity and the economic progress of the country. Since the vast majority of new employment is still done by hand, labor productivity is particularly essential in emerging countries. This paper will be valuable in determining the role of labor productivity in future economic development.

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# CHAPTER 10

# EXPLORING FACTORS BEHIND POLITICAL ECONOMY CONFLICT AND ITS CONSEQUENCES

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***ABSTRACT: World political economics is the process of interaction between political and economic issues. Human and how it relates to political action and commercial interests in different portions of the world has always been at the forefront of the discussion. Despite this, major methods in the subject have typically focused on the world community's perspective. Economic growth, which is essentially the process of improvements in living standards by moving away from the traditional farming philosophies and toward industrialized civilizations, can be influenced by political concerns, which are government-enforced laws and administration conventions. In this paper author talked about how current political economics is used, as well as the aspects of political economy and the features that help people grasp it. In this study discussed how diverse socio-economic systems are affected by economic philosophies such as socialism which is further affect in future.***

***KEYWORDS: Economic, Economists, Government, Policy, Political Economy.***

## 1. INTRODUCTION

Several of the best theoretical studies on the economics and politics of political structures and practices have started to emerge outside of the political science public consciousness in recent years, either as working papers in elevated economics journals or as working papers on websites devoted to economics and political economy. This is partly due to a higher level of openness to this kind of work in economics channels than in the past, and potentially stronger than in mainstream conservative science forums at the moment. This is partly because economists are increasingly convinced that studying government and politicians is essential to their own business [1]. Although many of the fundamental findings of this contemporary study have been accepted by formal political theorists, they are sometimes lost to a larger political science audience since they do not usually appear in prominent political science publications. As a result, there's a need to give scholars peripheral vision, allowing them to be exposed to highly specialised scientific literature that would otherwise be inaccessible to the common reader.

Methodologies for analyzing political economy development agencies have developed a variety of instruments and methodologies for doing political economics analysis throughout the years. Putting politics and economics analysis into practice and integrating it across the assistance management cycle is a recurring difficulty [2]. Most modern techniques support 'problem-driven' analysis that emphasizes practical relevance and incorporating political economic research into assistance management procedures, or 'getting the process right.' This entails putting up the approach to find particular concerns that the political economy analyses should address up front, to guarantee that the results of the political economy evaluation are used to guide policy and programming decisions, as shown in Figure 1.

### 1.1 Modern Applications of Political Economy:

Political economics applications fields research more contemporary economists and philosophers like Karl Marx. Humans believed that strict social classes, wherein one or even more people had the majority of the money, caused people to suffer [3]. According to communist theories, this would be eradicated, allowing everyone to live fairly because the economy would function according to each recipient's ability and requirements. Within communist systems, resources are managed and distributed by the government. Most people confuse socialism or communism. Certainly, there are certain similarities, such as the focus on bridging the wealth gap and the notion that the community should place a priority on maintaining a balance between all citizens [4]. However, there are some differences between the two. In a socialist society, each individual has his property, whereas, in a communist society, the government controls and controls all things. People may buy products and services with socialism, but in a communist society, the government takes care of everyone's basic needs.

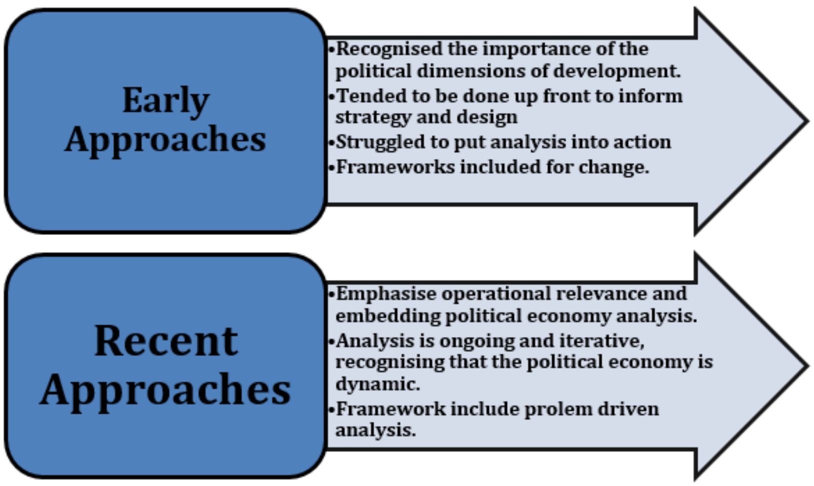


**Figure 1: Illustrate the two different types of approaches which follows the early and recent period.**

An interdisciplinary field of social science called political economy focuses on how people, governments, and public policy interact. Political economists research the practical applications of economic ideas such as capitalism, socialism, and communism. A fundamental component of any economic theory is the method used to guide the allocation of limited amounts of resources in a way that benefits the greatest number of people. Production, commerce, and their interactions with the legal system and government are all subjects of the social science known as political economy. It is the study of how different socio-economic systems, such as socialism and communism, are affected by economic principles as well as by the formulation and implementation of public policy.

A well-planned political strategy is a key element of the success of a development project. The political conditions in many low-income countries make it difficult to offer incentives and incentives that require businesses to increase the level of productivity. Leaders thinking of development should work to change this situation. Interaction between corporations, government bureaucracy and political groups is essential for the development of industries. The best course of action in a particular political environment depends on the relative organizational strength in each region and the relationship between these organizations.

The writings of liberal political thinkers have become so diverse that they can support both unregulated markets and significant government intervention in the market [5]. This echoes some of the genuine tensions that Karl Polanyi saw in earlier iterations of liberal ideology at the beginning of the industrial revolution in the 19th century. Analyze if government policies rob individuals of their freedom and choice or even if the state should establish a legal system that enables people to engage in the market economy and make decisions. The globalising economy of the twenty-first century may be understood using Polanyi's reasoning. Contrary to what economics would have us believe, markets are not only abstract structures that balance supply and demand for goods by setting a fixed price, commodities have always been and are far more [6]. They are widespread social processes that are connected to deliberate forms of governmental intervention. As nothing more than a result, there are unbreakable ties between economic, social, and political life. The basic contradiction of the widely held belief in the advantages of a self-regulating market system, in particular the substantial societal disturbances in many nations [7]. Increased income inequality, which occurs when some individuals are paid more than others, foreign company takeovers, or simple differences over what needs to be done to prevent society's decay during recessions all lead to this disruption can give.

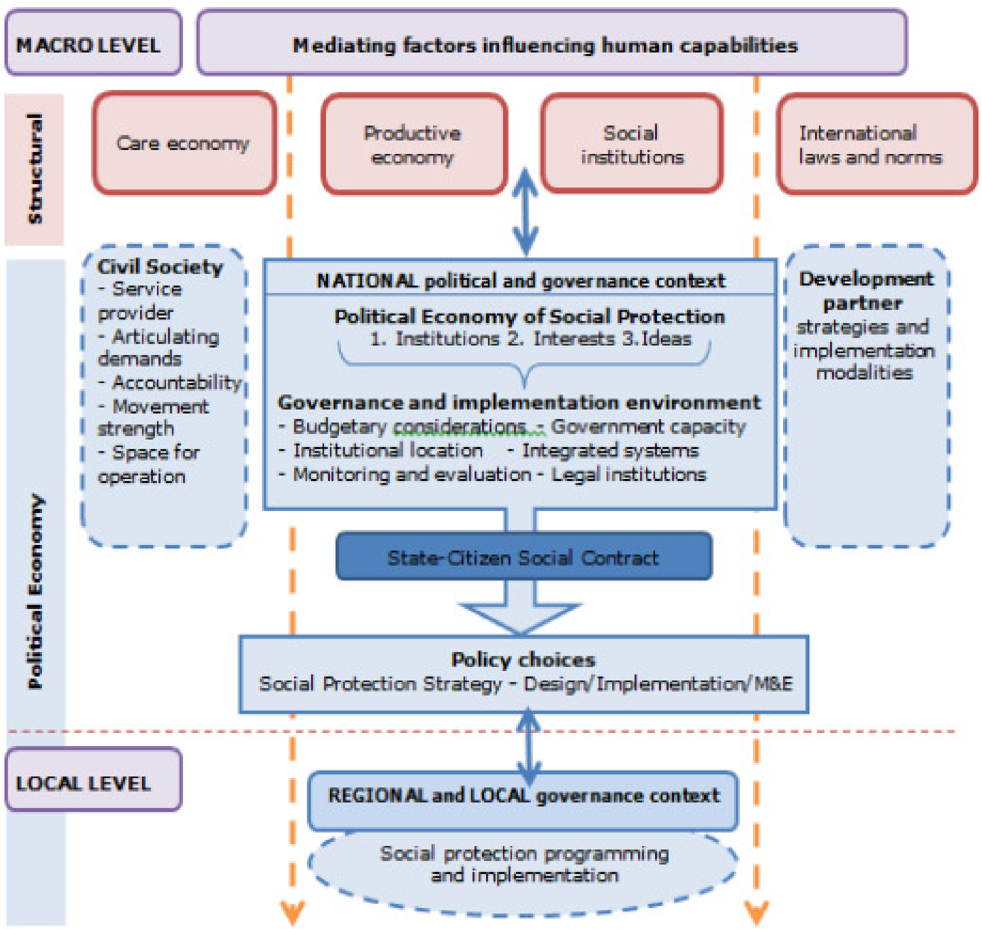


**Figure 2: Illustrate structural and political economy inspirations arbitrating the achievements of human capabilities** [2]**.**

Various communities in an economy have different thoughts on that how to grow their economy and help in-country growth. As a result, political economy is a complicated discipline that encompasses a wide variety of political concerns [8]. In perhaps the most basic form, politics and economics refer to the administration of economists on general economic policy or advice from politicians.

*1.2 Components of the Political Economy:*

Political economics has two subfields: classical political economy and contemporary political economy. Writers such as Adam Smith, Machiavelli, and Karl Marx are studied in classical political economy. On the other hand, modern political economy examines the works of modern philosophers, economists and political scientists such as Frederick Hayek, Milton Friedman, and John Maynard Keynes. Because it incorporates several parties contending for limited resources and authority to establish which policies would provide the greatest outcomes, game theory has an impact on the study of political economics [9]. It also pertains to the economy's capacity to provide the desired results. Three categories make up the analysis of political economics.

*1.2.1. Interdisciplinary study:*

Politics and economics is a multidisciplinary field that focuses on sociology, economists, and cultural studies to comprehend how political structures, economic systems, and the environment interrelate and influence one another [10]. Interdisciplinary research consists of three main components: economic models of democratic structures, economic interdependence and how it influences foreign relations, and the allocation of resources in numerous economic classifications.

*1.2.2 New political economy:*

Economic strategies are viewed as a viewpoint or actions to be argued even more in the new political economy sector, slightly than as a structure to be examined. It mixes old economic theories with recent political and economic accomplishments [11]. The approach rejects traditional concepts of agency, governmental and market interests in favour of stimulating political debates about society's ambitions and needs.

*3. International political economy:*

The analysis of the relationship between the economy and business relations is the focus of the study of the international economy, commonly referred to as the international economy. It integrates ideas from political theory, sociology and economics [12]. Global political economics investigates how countries and institutions influence democratic structures via ties to the global economy.

*1.3.1 Political Economy Behavior:*

The gains and losses resulting from the implementation of a given policy pique the attention of political economists. It enlightens them as to which groups support and oppose the programme. They also look at how people may be most beneficial by getting involved in politics. To sway political processes and produce the most advantageous national policies, resources are used. An economic growth political behaviour is impacted.

*1.3.2 Interests:*

They include those individuals and groups with the power to influence policy. Individuals in authority aim to encourage their own political and economic interests to maintain power [13]. People outside of the government are frequently more interested in the effect on the economic initiatives.

*1.3.3. Ideas:*

It is believed that ideas, in addition to political and economic considerations, have a substantial impact on policy. People were found to be rational, self-seeking creatures who are unable to consider the advantages and disadvantages of all the alternatives available to them.

A person can make decisions based on their ideologies to be compatible with their core values and views [14]. Through the incorporation of ideology into the economic systems, some political activity can be directed by motives other than self-interest. Other people wish to enter politics merely to make a difference in the current world scenario.

*1.3.4. Institutions:*

Political norms, like the Constitutions, govern how leadership are taken and how new policies are ratified. Institutions assist to organize the incentives that individuals or groups face in the economy.

*1.4 Political Economy Theory:*

The views of mainstream economists are divided into three philosophies, notably:

*1.4.1 Liberalism:*

The liberal viewpoint is built on the ideas of labour and trade, including the use of money, land, and labour to produce durable goods. According to liberal economists, economics may benefit everyone since society can improve as people's quality of life grows. They contend that decisions should be made based on the needs of society rather than those of individuals [15]. They are concerned about the social movement system and feel that everyone should have access to opportunities.

*1.4.2. Marxism:*

Marxism holds that wealth is produced through labour and exchange and that inequality is bad. It opposes property ownership, which it believes contributes to injustice, and promotes the needs of the privileged rather than the world's population.

*1.4.3. Economic nationalism:*

Economic nationalism is the notion that the state has all of the power and that people should labour to realize the rewards of the economy. According to the philosophy, the government regulates all goods and individuals are ignorant and incompetent of building cohesive communities in the absence of a strong state. Therefore, political economics teaches us how to monitor and manage both the nation and the family by taking into consideration both the economic and political factors connected with both. More importantly, the 2008 financial crisis focused attention on non-elite actors who were affected by issues with the banking system and the reckless actions of moneyed interests [16]. Homebuyers, people with mortgages, small- and intermediate-business owners, employees of the government, amateur investors, farmers, shareholders, people who work for themselves, students, and others have all had to deal with the effects of simultaneous rescue missions in several major industrialized nations. Due to government intervention and bailout measures, many businesses were compelled to reorganize and streamline their operations to reduce costs and maintain competitiveness.

Individuals were also expected to support far-reaching legislative packages, spending cuts, and new administration plans for employment generation and employability in their position as voters. Non-elites were also able to forge new coalitions among the diverse groups of individuals with more philanthropic aims in mind, such as economic redistribution and egalitarianism. As a result, some left-leaning economic historians have put their faith in transatlantic solidarity and larger social movements united under the flag of alter-globalization, which positions itself as an alternative to neoliberalism forms of globalization [17]. That any such procedures to work, there must be an increase in the number of interpersonal relationships that produce different types of cross-border relationships. An excellent example of how Polanyi's fundamental premise is relevant is emigration.

Although governments have collaborated closely to liberalise the movement of goods, capital, and commodity, the same might be said for the flow of immigration. Immigration controls have changed from being the exception to the rule. In an economic system, crucial decisions about production, transportation, and investment are driven by consumers and producers. The globe has evolved into a globalized environment. International commerce today accounts for over 40% of gross domestic product (GDP) in rich countries, while exports and imports account for nearly half of total national output in developing countries [18]. Worldwide flows of foreign direct investment have more than quadrupled concerning GDP during the last two decades.In social sciences the study of how individuals, governments, and public policy interact includes an integrated component of economic policy. Governmental economists study the practical effects of economic theories like socialism, capitalism, and communism. Any economic theory's fundamental goal is to manage how a limited amount of resources are distributed in a way that benefits the greatest number of people.

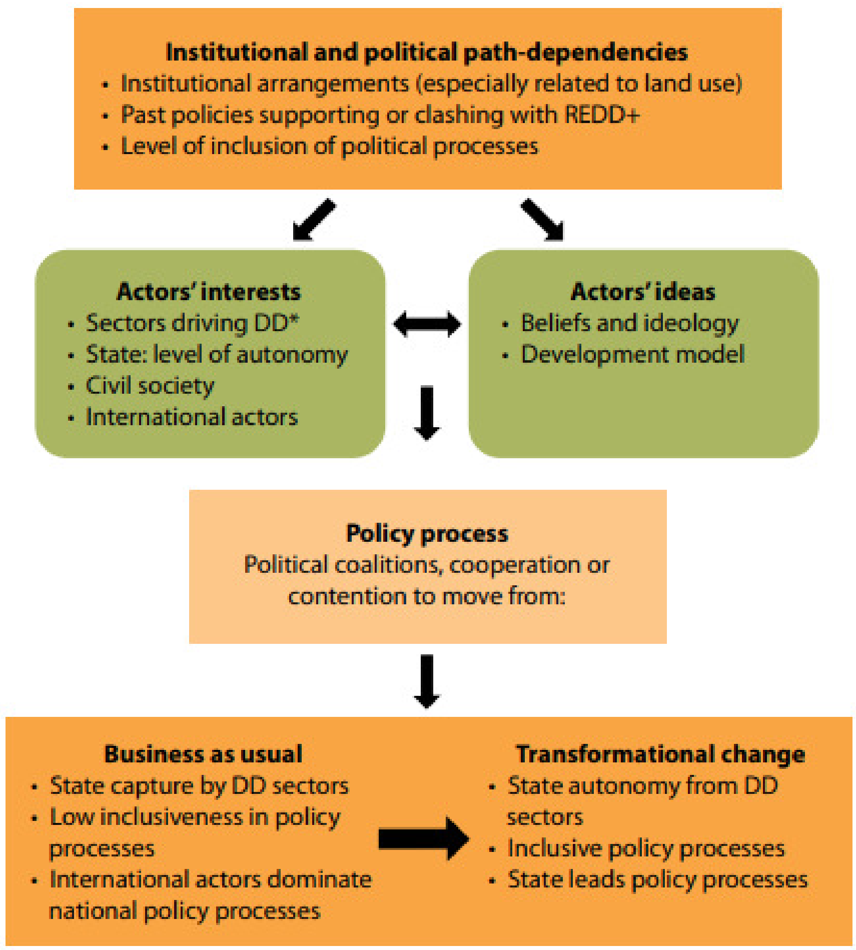


**Figure 3: Illustrate the Political economy structure for understand the politics factors** [19].

Major policy developments related to policy making have occurred in each of the seven countries. Figure 3 shows in capacity development activities related to building new institutions, protocols, and preparatory activities include key policy outcomes; So far, there has been minimal tangible policy formulation and implementation. Overall poor progress may be due to difficulties in obtaining funding from international climate discussions, but political power struggles also play a part.

Political institutions are widely recognized as having a significant impact on environmental legislation and its consequences. Environmental management cannot be viewed purely as such an economic problem since every financial model is embedded within a political structure. First, environmental challenges frequently need political procedures that balance competing rights. Under environmental deterioration, different groups with conflicting environmental objectives are more prone to clash [20]. As a result, environmental concerns are intertwined with political and civic rights. To adequately study the social dynamics driving environmental development, it is necessary to understand the politics that allocate rights and obligations. Second, environmental protection necessitates government action, which places a heavy reliance on political institutions to determine environmental decisions and enforcement. The Political institutional variables such as government corruption, democratic development, and regulatory authority structure, among others, may have a big impact on how strict environmental rules are and how successful they are. They also influence the relationships between governments and enterprises, as well as the incentives for pollution reduction in the private industry. Humans can only address the issues caused by environmental deterioration if the author has a better grasp of how political considerations influence environmental quality and policies.

## 2. DISCUSSION

Individual participants in the international economy have been accommodated by being viewed as economic-dependent workers rather than as citizens open to social change. This paradigm has been somewhat affected by the economic globalisation process, which has led to a greater acceptance of the incorporation of a diverse but locally based workforce into production techniques that cut across several national authorities and geographical locations [21]. This goes against what was previously said in modelling techniques, which anticipated today's system, wherein production crosses borders, which envisioned goods and services being produced from beginning to end within a nation-state. Technology improvements have made it possible to control global production processes and bring people from different parts of the world together to enhance the value of a certain good or service [22]. By employing this tactic, companies might transform their activities into a worldwide operation that can prosper with a variety of wage levels and a diverse set of skills. This prompts concerns about how such modifications to capitalism's organizational structure impact the lives of regular people.

### 2.1 Understanding the Political Economy:

Political economics is a branch of sociology that looks at how individuals and governments connect when public policies are put into practice. It is the cornerstone of the social science subject because of how politics and economics interact.

As previously stated, there are several distinct forms of political economics [23].

- *Socialism:* The idea that society, not a particular group of people, maintains and controls the formation and distribution of products and wealth is supported by the modern political economy. It is based on the idea that everyone who participates, regardless of position, wealth, or prestige, contributes to whatever society creates. Whenever one or even more people do not have the majority of power and wealth, socialism aims to narrow the gap between the wealthy and the powerful.

- *Capitalism:* In this perspective, profit is promoted as a growth-inducing incentive. Simply put, the fundamental tenet of capitalism is that private individuals and other participants control manufacturing and distribution, set prices, and create market forces based on their interests.
- *Communism:* Even though there are substantial differences between the two doctrines, communism and socialism are commonly confused. Karl Marx founded communism as a theory because he thought capitalism was constrained and led to a widening divide between the rich as well as the poor. He thinks that resources, particularly property, must be shared and also that the government is in charge of production and supply.

The people who research politics and economics are political scientists. They look at how policy-making, the political situation, and political institutions affect a government's economic state and future from a political, sociological, and economic standpoint. International Political Economy (IPE) is a branch of economics that studies the politics of international trade. It is a substantial subject of research, not just a methodology for applying economic models to political issues. Two sets of essential questions are at the heart of the discipline. To begin, how, when, and why do governments decide to allow cross-border movements of goods and services, capital, and people? What are the political determinants of what we now refer to as globalisation, in other words? Openness is the dependent variable or outcome to be explained, in this first series of questions, while politics defined generally is the independent or causative variable.

With a few exceptions, economic theory suggests that unrestricted international trade improves welfare; many politically naive experts, on the other hand, anticipate countries to progress toward free trade. IPE, on the other hand, starts with the fact that openness has historically been unusual, difficult, and a phenomenon that requires explanation. Second, how does participation or non-participation in the international economy influence the interests of people, sectors, production factors, or nations, and hence national policies? The dependent variable is politics, while the independent variable is the actor's position in the world economy. These two sets of questions are intertwined in reality. However, practically all analysts focus on only one side of the causal circle for practical reasons.

Democratization is yet another political aspect that previous scholars have looked at as a driver of environmental protection. Previous studies have found that democracy has a mixed impact on the environment. The theoretical review has extensively explored the incidental processes via which democracy may improve or harm the environment. Before we go into the current empirical research, we'll give a quick summary of these reasons. According to some academics, a higher degree of democracy increases environmental quality. First, because many environmental issues require a long-term solution, a government with a short-term view enacts less rigorous environmental legislation.

Non-democracies may well have laxer environmental rules than democracies because authoritarian rulers have a greater stake in regime transitions, which indicates short-term viewpoints. Second, in comparison to the median voters in a democratic state, autocratic elites receive a larger share of national revenue. As a result, they bear a disproportionately higher percentage of the expenses associated with environmental rules (e.g., restrictions on polluting industrial actions). In this sense, autocratic elites are less likely to propose strong environmental rules. Third, in a democratic society, stronger environmental groups exist that, via the free flow of information, enable the people to become more aware of environmental concerns, putting pressure on governments to improve environmental rules.

## 3. CONCLUSION

The influence of political issues such as democracy, corruption, and the division of environmental power between the federal and municipal governments on sustainability performance, and also environmental implementation and oversight, is examined in this paper. Previous research has demonstrated that all of these political issues have a significant influence on environmental decisions and outcomes. However, the estimated consequences for each element might vary between researches, meaning that it is not always unambiguous. Furthermore, author see that multiple political factors frequently interact and jointly impact environmental policy acceptance and performance. The economy is impacted by political decisions. Political choices have an impact on a nation's sociocultural climate. The rate during which new technologies emerge is a factor that governments may influence. Politicians have the power to affect how quickly people accept new technologies it will also affect in future for making the people decisions.

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# CHAPTER 11

# A STUDY ON REDUCING POVERTY RATE IN RURAL AREAS OF INDIA

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***ABSTRACT: The ratio of persons in a certain age group whose earnings is below the poverty line is known as the poverty rate. It is calculated by taking half the median family income for the entire population. The population of India is increasing gradually and unemployment in India is also increasing day by day. India has a high percentage of illiteracy, inadequate health facilities, and a lack of funds. In addition, rapid population growth affects per capita income, further reducing it. A large proportion of the poor people in India live in rural areas. For over 30% of India's regional population, poverty is a permanent state. Rural poverty has decreased significantly in recent years as a result of migration from rural areas to urban areas, but the situation remains worrying. They are short of funds and are not compensated as a result of contemporary development and ever-increasing inflammation. For this, it is necessary to consider the causes of rural poverty and the anti-poverty program, as well as to examine why India remains a helpless nation. The main objective of this paper is to understand how to reduce the poverty rate in rural areas of India. Many studies have been done on this topic but there is some scope for further study in the future.***

***KEYWORDS: Economy, Impoverished, Poverty reduction, Population Growth, Rural Poverty.***

## 1. INTRODUCTION

Poverty is described as a state or situation in which a person or a community lacks the financial resources and requirements to live comfortably. Poverty is described as a circumstance in which one's income from employment falls short of meeting basic human needs. As per the World Bank, poverty is a serious loss of well-being that manifests itself in a variety of ways. Low wages and the inability to get the basic commodities and services needed to live a dignified life are examples. Poor education and health care, a lack of access to good drinking water or a lack of physical security, sanitation, a lack of voice, or a lack of capacity and opportunity to better one's life are all examples of poverty.

### *1.1. Causes of the Poverty:*

#### *1.1.1. Geographical Factor:*

Topographical factors provide conditions that contribute to neediness in some rural areas. Capricious storms or climate, which influence crop formation and yield, are one of India's most distinguishing geological features. Floods, droughts, tornadoes, and other natural catastrophes cause severe damage to crops, land, or domesticated animals. These results result in a significant amount of neediness. As an example, the late Cyclone Phailin wreaked havoc in Odisha as well as Andhra Pradesh. This has resulted in a much-discussed increase in onion prices [1], [2].

#### *1.1.2. Personal Factors:*

In all honesty, your financial situation is determined by what you do and what you are determined to do. Neediness is caused by a variety of personal reasons. One of them is a disease. Families who are in need will not have enough food to eat and, as a result, require susceptibility. They become prone to a variety of illnesses, and as a result, whatever they gain is put to use in the treating of the equivalent. As a result of the chaos, more people become impoverished. "Destitution but also affliction structure an awful organization, one urging the other one to add towards the torments of generally stunning humankind," it is rightly remarked. Another important reason for India's poverty is laziness and unwillingness to work. People are simply uninterested in working. Indeed, even in urban areas, you may have run over healthy people who are unable to work despite being offered a few opportunities. They require painless income. Drinking, drug use, and other social vices contribute to the country's poverty. These are enough to make the entire family impoverished [3], [4]. In India's rural areas, rapid population expansion also causes poverty. Although there are fewer clinical or medical care facilities in India, the country's population growth has not been adequately controlled. Large families and little resources lead to neediness.

*1.1.3. Factors Affecting the Economy:*

Everything in rural India is based on agriculture, and however, the majority of ranchers rely on primitive farming practices. As a result, the annual yield is usually quite low. Furthermore, India's farming sector is still too young to provide adequate jobs. Ranchers are the ones that suffer the most from broken flexible chains or botch. The people at the top of the flexibility chain benefit the most from the rancher's laborious effort. Regardless, there should be a different approach to encourage rural India and abolish rural poverty.

*1.2. Important Anti-Poverty Programs:*

- The “Integrated Rural Development Program/Swarnajayanti Gram Swarozgar Yojna” was established in 1980 to ensure the rural poor's overall growth. Through IRDP, the importance of self-employment was stressed.
- In 2001, the “Sampoorna Gramin Rozgar Yojana” (SGRY) was launched to give employment to the rural poor.
- The “Pradhanmantri Gramodaya Yojana” (PMGY) was launched in 2000 to improve village development, particularly in five areas: Drinking water, primary health, housing, primary education, rural roads, and nutrition.
- In 2006, the National Rural Work Guarantee Scheme (NREGS) was established to give a legal promise for 100 days of pay employment in rural areas. The major goal of this strategy was to provide jobs and create assets.
- In the year 2000, the Antidaya Anna Yojana was established to ensure food security for disadvantaged households.
- In 1991, the National Homes Bank Voluntary Deposit Scheme was established to employ black money to build low-cost housing for the underprivileged.
- The Development of Women or Children in Rural Regions (DWCRA) program began in 1982 intending to provide rural women living in poverty with adequate chances for self-employment.
- In 2000, the Bima Yojana was established to provide insurance assurance to persons living in poverty.
- In 2001, the Shiksha Sahyog Yojana was established to give education to children in poverty.

*1.3. Corruption is one of the reasons India remains impoverished:*

Debasement is practically associated with India, if not fully, and the several strategies have been proposed to explain the sensation of debasement over the years. It has an impact on virtually all administrative regions. In India, defilement is considered to be the most convincing reason for poverty [5], [6]. The most heinous form of defilement is that which occurs in the public distribution system (PDS). The main causes of debasement in India are privilege programs or social assistance initiatives created by the government for the benefit of the general populace. Despite the administration's efforts to have "growth and improvement," defilement is doing its job. As a result, all attempts directed toward the poor and downtrodden have failed to captivate and aid them. Even fundamental rights and requirements are denied to the poor. It causes social inequity and harms our country's economy. Assets given to the impoverished to motivate them are misappropriated. The regulatory debasement has exacerbated neediness. Indeed, even the simplest task is not completed without a monetary reward. Debasement both slows and redirects economic progress. According to statistics compiled by Bloomberg, corrupt government employees in the state of Uttar Pradesh pillaged close to $14.5 billion in food. Poor people were able to get by without the essential amount of food, as well as children were exposed to the harmful effects of unhealthy living. There are several examples of authority debasement, which exacerbates the situation and makes the impoverished even more vulnerable [7], [8].

### *1.4. Policies in the Economic Sector:*

The collapse of India's rural economy is often attributed to monetary reforms that began in the mid-1990s. It also triggered the agricultural crisis, and powerless ranchers are left with little alternative but to put a stop to it all due to a high amount of obligation. The number of ranchers who have committed suicide has also climbed since 1997, as per government figures. The new legislative agreements encouraged ranchers to exchange crops rather than harvest them as is customary. However, this has resulted in a complicated increase in ranch input costs, which has resulted in a significant increase in monetary weight and, as a result, poverty. Furthermore, towns in India are no longer autonomous as they once were. The provincial kids are often untalented, in need of skills, and uninterested in cultivating. All of this is enough to guarantee a miserable and hopeless future. The government should devise strategies to instill confidence in localities and the young must get expert-based training [9], [10].

### *1.5. Model of Mismanagement and Failure in Development:*

Administrative expenditures consume a considerable amount of the monies provided to support or assign to anti-destitution projects. As a consequence, the entire system of aid to the poor is structured to prevent this from happening. According to the development model, poverty should eventually disappear as economies expand. According to the stratification model, dispersion is necessary for addition to growth. According to the Under-class paradigm, substantial structural change must be implemented locally for development and redistribution to succeed. Additionally, the World-System Model contends that without a global shift in the capitalist model, neither growth nor redistribution nor locally implemented significant structural change will be helpful. As a result, each new model suggests a smaller selection of possible actions.

#### *1.5.1. High Rate of Population Growth:*

A constantly growing population isn't necessarily a sign of impending need. It does, however, have an effect. The oversupply of everything is, as the saying goes, bad. This is true in this instance as well; as the population increases, more resources, food, and other necessities are needed. Nevertheless, if this surplus is correctly handled, it can aid the country's economic growth.

#### *1.5.2. Economic Inequality is Continually Increasing:*

Sure, India's growth paradigm has benefited financial experts, but it has flopped when people realize that close to 213 million Indians go hungry regularly. Sorted-out privileges are being ignored, just as chaotic experts' privileges are being ignored. The mechanical growth and periodically growing swelling leave them short and unpaid. Every year, a large number of young women are expressly mistreated and traded for money as a result of such a significant imbalance. Affluent people are accumulating more wealth, and in such an uneven arrangement, the wealthiest 5% of households control 38% of India's total resources, while the bottom 60% receive just 13% of the advantages [11], [12].

*1.5.3. Poor People's Mentality:*

External causes, as well as the inward desire of the impoverished to remain poor, are a barrier. At the red light, it is likely to see a large number of homeless persons. If they are asked to execute a task rather than being asked, their fundamental response is no. Even their youngsters do not attend class but inquire. They will never be able to break free from their compulsive routine of requesting and neediness. To get out of poverty, one must change one's mindset and the importance of training and its long-term benefits must be understood by the poor.

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## 2. LITERATURE REVIEW

Susan E. Chaplin discussed the political purposes for how such a large portion of India's urban population has been ignored and contrasts them to the situation that led to effective sanitation reform in Britain during the second half of the 19th century. Due in part to the government providing the required municipal administration, in part to modern medicine, and in part to the working or middle classes having a significant business model, there is no opposition to sterilization in India. Sterilization-related illnesses that afflict low-wage groups have fewer health hazards because of the structural design. As a result, more women have been elected to municipal council positions, with a large percentage serving as employed permanent women who want to handle water supply or sterilization issues [13].

Rudra Prakash Pradhan's study largely focused on poverty alleviation processes in rural India. It was divided into two categories: direct and indirect measures. Indirect approaches primarily focus on achieving economic growth and, as a result, indirectly reducing rural poverty. Agricultural growth, rural infrastructure, governance, rural non-farm sector, population growth, women empowerment, and the Public Distribution System have all been explored in this indicator (PDS). Direct action, on the other hand, focuses on sectoral or direct employment programs that directly address rural poverty reduction. Self-employment, wage-employment, or infrastructure development program are all examples of direct methods covered here. Finally, it finds that strong governance, as well as engagement from the private sector, panchayats, non-governmental organizations (NGOs), self-help groups (SHGs), including community-based organizations (CBOs), is required to properly execute the above measures in the Indian economy [14].

Rahul Singh Gautam et al. studied local rural banks as well as how they affect India's fight against poverty. The goal of this study is to determine how regional rural Indian banks affect rural development but also poverty reduction. As a consequence, local rural banks have a positive impact on poverty reduction or rural development. The results of this study suggest that the government and local rural banks should concentrate more on building infrastructure including promoting financial literacy. It is important for both financial inclusion and regional rural banks. Putting money into infrastructure that improves banking services claims impressive economic development, and reduces poverty.

## 3. DISCUSSION

### *3.1. Relationship association Health and Poverty:*

The impoverished have lower health and die at a younger age. They have higher infant and maternal mortality rates than the general population, as well as greater levels of disease, and far more access to social health and safety care, which gender inequality significantly degrades the health of impoverished girls and females. Health is a crucial economic benefit for the impoverished. It's a matter of life and death for them. When a bad or socially weak person becomes ill or wounded, the entire family may be ensnared in a negative circle of lost income and exorbitant healthcare expenditures. The cascading impacts might include diverting time away from earning an income and even from education to care for the sick; they could even require the sale of assets that are necessary for survival. Poor individuals are more vulnerable to this negative spiral because they are more sensitive to disease and have less access to traditional insurance or health care. The Development Assistance Committee (DAC) guideline on poverty reduction gives an acceptable definition of poverty and places it in the context of relevant policy actions and causes.

According to the DAC Guidelines, extreme poverty affects several cultural groups disproportionately, especially indigenous peoples, minorities, vulnerable and disadvantaged groups, refugees or perhaps displaced people, and physically or mentally disabled individuals, including people living with Human immunodeficiency virus infection and acquired immune deficiency syndrome (HIV/AIDS). These people are among the poorest of the poor in most countries, and they require the special attention of policymakers to alleviate poverty.

- Poverty and prejudice are perpetuated by political and economic systems that must be transformed to combat ill-health and poverty.
- The most vulnerable persons and organizations are those who are denied information, access, or financial resources to health services that would enable them to prevent and treat sickness.
- The poor and disadvantaged may be forced to make tough decisions, such as intentionally jeopardizing their health because they can't obtain food for their children.
- Because of the cultural and social constraints that disadvantaged groups including indigenous communities face, they frequently use health care less, which has major consequences for their health.
- Getting to a health facility can be costly in terms of physician fees, transportation, and medications, both for the person and for the family who must care about them or support them in getting or paying for treatment. In the worst-case situation, the sickness may compel families to sell their goods, take their kids out of school, or even turn to begging to make ends meet.

- A woman's family member is usually responsible for her care, and she may be compelled to drop out of school or work to help pay for the family's costs. Missing out on education has long-term implications for a woman's career and health.

Overcrowding and filthy living conditions can lead to the spread of airborne diseases like tuberculosis or respiratory infections like pneumonia. Traditional stoves with open flames can cause dangerous indoor air pollution. A lack of food, safe drinking water, and proper sanitation might prove fatal.

### *3.2. The Economic Justification for Investing in the Poor's Health:*

Investment in health is generally acknowledged as a critical and previously undervalued source of economic growth. As the World Health Organization's (WHO) Committee on Health and Macroeconomics (CMH) has demonstrated, significantly better health outcomes are a need for developing nations to break out of the poverty trap.

- A healthy body contributes to growth through several paths, most of which overlap but each of which contributes to the overall impact:
- Employees who are well are more productive, receive greater earnings, as well as miss fewer days of work than those who are sick. It boosts output, lowers employee turnover, and boosts agricultural production or company profitability.
- Increased international and local investment rates and as a result of increased labor productivity, investors are rewarded. Controlling epidemics and endemic diseases like HIV/AIDS, on the other hand, is likely to encourage foreign investment, both by increasing growth potential for these people and by reducing health risks for their employees.
- Good children have significantly greater cognitive capacity. As people's health improves, absenteeism and early school dropout rates decline, and children learn more effectively, increasing the human capital base.
- Increased national savings rates. Individuals who are good people have a lot more assets to put into savings, and those who live longer invest for retirement. These savings can then be used to make capital investments.

Lower mortality or fertility rates are aided by improvements in both education and healthcare. Fertility declines quicker than death after a delay, limiting population growth and lowering the "dependence ratio" the ratio of energetic workers to dependents. This "demographic dividend" is a critical source of per capita income increase for low-income areas which is shown in Table 1.

**Table 1: Illustrate the Impacts of Poverty in Urban and Rural Areas in India.**

| POVERTY | |
|---|---|
| **URBAN** | **RURAL** |
| 25% of people living in big cities or metropolitan areas earn less than Rs.32 per day | 27.0% of the population in India lives in rural areas and they are poor |

| Primary Causes | Primary Causes |
|---|---|
| • Illiteracy<br>• Large family size Primary Causes<br>• Debt owed to landlords<br>• Occupation depending on gender or caste | • Low advantages from government policies corruption (in one direction or the other)<br>• Agricultural yields are low<br>• Other than seasonal crops, there are no other jobs available.<br>• Monsoon failure/infected crops/large family size |
| **IMPACTS**<br>• Illiteracy and a greater dropout rate, child labor, and human trafficking are all issues that need to be addressed.<br>• Drag addiction or malnutrition Civil unrest, rising crime rates, as well as suicide<br>• Slum-dwellers including poor health | |

*3.3. Methods for Reducing Poverty and Improving Health:*

The emphasis on poverty reduction supported by procedures such as the creation of Development Assistance Papers might have far-reaching ramifications for the design and funding of pro-poor health programs. In a broader sense, Problem Report Squawk Sheet (PRSs) may provide an important framework for analyzing the helpful link between pro-poor health strategies and mission in other areas. As outlined below, several obstacles must be solved before PRSs may be used to promote pro-poor health policies. The following initiatives might be aided by development organizations in particular: Include health stakeholders in PRS development and strengthen their potential to influence decisions.

Partner countries require some time to direct, establish, and own their poverty-reduction strategies. Consultation with the government and civil society should be an integral element of this process. PRS development is generally led by a small group headquartered in the ministries of planning, finance, economic affairs, or maybe in the President's office, in just a few countries. This level is part of a wonderful upgrade of poverty issues to the highest levels of government, albeit it should be tempered by measures that guarantee that sectorial ministries play a full role in PRS growth. According to PRSPs, health ministries, in particular, have not yet contributed significantly to their overall growth, but also, in certain cases, maybe to the health publications. Development agencies should seriously consider assisting in the development of their capacity to do so. They must also support initiatives to reflect civil society's health concerns (Parliament, community organizations, local government, women's healthcare advocacy organizations, trade unions, as well as the private sector are all involved) in policy alternatives and goals.

*3.4. Emphasize the Causal Ties Between Improved Health and Poverty Reduction:*

Many PRSs consider health as a component of poverty, and many of them make an indirect or direct connection between improved health and growth and development. In reality, the great majority of PRSPs include health as a critical strategic component. Despite this, most PRSs do not study the causal relationships in sufficient depth, owing to a lack of space.

*3.5. Increase Backlinks with the Health-Care Program and Gender Policies:*

As a result, many of the links between poverty reduction approaches, health-care initiatives, and gender policies have been weak. The PRS has little space for precise sectorial analysis, but it is often far too general to properly prioritize or even compel difficult decisions. Moreover, there is sometimes a goal mismatch, or critical targets from one framework aren't carried over to the next. Examine the PRS's added value in terms of health While PRSs cannot and should not replace existing healthcare programs, they do provide a critical opportunity to rethink healthcare programs to ensure that poor people's health outcomes improve. Instead of just removing the perceived pro-poor components of the current national health program, development organizations should cooperate with governments using the PRS activity as the first step in reassessing current health practices from a poverty standpoint.

Something else people have discovered is that neediness nowadays appears to be even worse than it was in the past; a large number of youngsters are living on garbage piles and dying of famine. The reason there are so many people in poverty is that so many others are wasting their money on things they don't need. It tells us about the consequences of this issue, the deadly diseases due to which people fall and give their lives. Researchers looked at whether drugs were abused or abused by others when needed. Furthermore, while many people support assisting those who are poor, others oppose those who are seeking to alleviate poverty. Furthermore, the most important thing that people have all learned from this investigation is that neediness can be overcome; but, to do so, we must all work together to support one another without prejudice or anything that might harm us.

## 4. CONCLUSION

Most of the poor people of India reside in the regional areas of the country. More than 30 percent of rural Indians live in a state of perpetual poverty. Rural-to-urban migration has resulted in a substantial reduction in provincial poverty rates in recent years, although the situation is still dire. So people have a chance to discover that poverty is one of the most important global challenges yet to be addressed in the world's worst cities, where many people are starving. Man has come to understand that poverty is the inability to meet one's fundamental necessities, which include access to clean water, food, clothing, and a place to live. People have discovered that poverty is a pernicious problem that is even somewhat affecting our people, and as those who are impacted, we must act to combat it. Additionally, it has been demonstrated that persons in need are profoundly impacted by their low resources. This indicates that destitution is an issue that affects needy individuals who desire to escape poverty but are unable to do so because they lack rich family members to provide them with assistance, despite many efforts, reducing poverty remains challenging without the support of wealthy countries. This is because fighting poverty requires a significant financial investment, and only a select few nations can help us meet this demand.

Although poverty is a problem at the global, local or national level, its effects are sometimes more severe at the neighborhood level. Poverty causes disease. A good person, as well as the opposite, is better suited to protect his personal or family health. Despite the complexity of the causes of poverty, ending it should be a top priority, As a result, many international organizations and nations have put forward many proposals and ideas to do so. Some examples include a community insurance program, better education, cancellation of debt owed by developing countries to developed countries, removal of import restrictions so that nations with higher percentages of the poor can more easily sell their goods and low-cost housing for those in need. Poverty reduction measures should take into account the social or political causes of poverty. Effectively launching poverty reduction activities at the national level often require cross-sectoral cooperation and the involvement of grassroots groups. Participation in the community promotes self-reliance, long-term viability, and self-esteem. Poverty reduction will change the overall health and standard of living of children and women. The major goal of this paper is to learn more about the causes of rural India's poverty. This essay will be useful in understanding the issue of poverty that rural residents confront in the future.

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# CHAPTER 12

# INVESTIGATING ROLE OF NON-GOVERNMENTAL ORGANIZATION FOR THE GROWTH OF INDIAN ECONOMY

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***ABSTRACT: Non-profit organizations that operate independently of the government are called "non-governmental organizations" (NGOs). NGOs often referred to as civil societies are groups that work at regional, national, and international levels to accomplish social or political goals, such as providing humanitarian relief or protecting the environment. NGOs can guarantee that India's poorest people enjoy sustainable development and access to quality education, jobs as well as essential services directly to the core of communities or conduct intensive research. It ensures that the benefits of economic development are shared equally among the lowest common denominators and NGOs work for the welfare of society at large. In this paper, the author talks about NGOs, the history of NGOs, the importance of NGOs, the impact of NGOs, and the role of NGOs in the development of the economy. In the future, this paper is going to help under the importance of NGOs for the development of the economy.***

***KEYWORDS: Economy, Environment, Non-Governmental Organization, Society.***

## 1. INTRODUCTION

"Non-governmental organizations" (NGOs) are institutions in charge of a range of initiatives aimed at assisting society as a whole, especially the underprivileged. As the name implies, it is an NGO or even a non-profit corporation that operates independently and without government funding, even though the NGO works closely with government agencies to carry out its program. As a result, the responsibilities and duties of NGOs in India are extremely important and serve the primary goal of development or expansion [1], [2]. Non-profit, non-governmental organizations with a focus on advancing human welfare are known as non-governmental organizations. The NGOs are independent of the government as well as have their constitution. The role of an NGO is to inform the public about the rights of employees by planning workshops, seminars, as well as training programs. The role of an NGO is to represent consumers by filing complaints in the appropriate consumer courts.

- They are mainly financed through grants, loans, private donations, or membership dues
- They have an organized shape
- They work toward that public cause
- They are not a part of a government machinery
- They are not governed by anyone outside the organization.

### *1.1. History of Indian NGOs:*

In India, NGOs have a very distinctive and long history. India has a history of lending aid to people and extending its support to the needy. It is a common belief in India that its people will assist anyone who requests it, and they do so. Those who were followers of the religion used to attend these services. As they thought that if they help the needy then God will bless them and forgive their sins. They believed that helping each other brought them peace and that they would slowly pass away. Many kings also began to practice altruism and improve the lives of others in the hope that God would reward them and give them more. Those affected by volcanic eruptions, floods, earthquakes, or other catastrophic events inspired those not affected to provide aid and services to those in need. People of the time were not as self-centered and had more empathy, which helped foster a sense of community. They were all helpful and didn't care about their money; instead, he used it and his athletic prowess to help others. After India got independence from British rule, many NGOs were established and the expansion of NGOs was seen. People also began to understand the value of education for all and other essential rights like freedom of expression and equality. In addition to this, the government started many programs and made a lot of efforts to build India. Along with community development, programs of the Green Revolution were also started.

### *1.2. Various types of NGOs:*

Operational and advocacy NGOs are the two most common types of NGOs. Operational NGOs focus on initiatives that help an area grow. Operational NGOs are those that are active in capacity development. Advocacy NGOs, on the other hand, seek to promote the common benefit by advocating for just a cause. They might work on issues such as gender equality, healthcare, LTBTQI+ rights, and disaster preparedness, among other things. While big NGOs may serve in an operational capacity as well as advocate for a cause, they are more likely to focus on one [3], [4].

The four primary functions of an NGO are:

- *Protection:* providing disaster assistance and supporting the underprivileged.
- *Prevention:* Diversifying income and saving to reduce people's susceptibility.
- *Transformation*: Ending social, political, or economic oppression.
- *Women Empowerment*: The term “women's empowerment” can be used to describe a variety of actions, such as valuing women's opinions or making an effort to find them, as well as elevating women's position via knowledge, awareness, training, and literacy.

### *1.3. NGO and its Functions:*

Since NGOs are set up under the Societies Act, which would have been a central act to register non-profit organizations, their actions are seen to have legal validity. A wide range of non-governmental, semi-governmental, or semi-governmental organizations, including both voluntary and non-voluntary groups, are referred to because of the functions performed by non-governmental organizations in India. An NGO acts as a bridge between the people and the government. The functions of NGOs play an important role in assigning problems to the government when some concerns do not reach the government or are not addressed by the government, while some concerns are specifically investigated by the NGOs. Their main aim is to make the world a better place for all the suffering people. The focus of an NGO will be on any issue related to human rights, environmental concerns, social issues, or advocacy [5], [6]. Following are some of the functions of NGOs as they work to improve the political or social conditions of the society at large:

- Children's rights and human rights.
- Getting rid of poverty.
- Animal Welfare.
- Preventing Inequity in Society.
- Environmental protection.
- Care for the elderly is a daily practice.
- Women's empowerment.

- Others, such as Disease Control.
- Plans for health and nutrition.
- Sanitation and hygiene conditions for wildlife conservation.
- Humanitarian Assistance.
- Plans for education and literacy.
- Crisis of Refugees.

*1.4. The Importance of Creating a Non-Profit Organization:*

The roles of NGOs play an important role in advancing our country's socio-economic development. However, because of its enormous democracy, there are still several challenges and millions of individuals that require access to exercise their rights. Even today, though, unrestrained economic disparity exists, and individuals struggle to get basic needs including health, food, clothing, housing, and education. This is when the NGO steps in to assist and serve. They fill in the gaps left by that the government and try to improve the lives of those who are disenfranchised [7], [8].

One of the roles of an NGO is to provide legal aid to clients through assistance in obtaining legal aid, legal service, etc. The role of the NGO is to forcefully encourage the customers to make complaints and take action against the dishonest, exploitative, and unfair business practices of the traders. The role of an NGO is to publish magazines as well as other publications to disseminate information about consumer concerns, legal reports, treatment options, or other things of interest, which is shown in Figure 1.

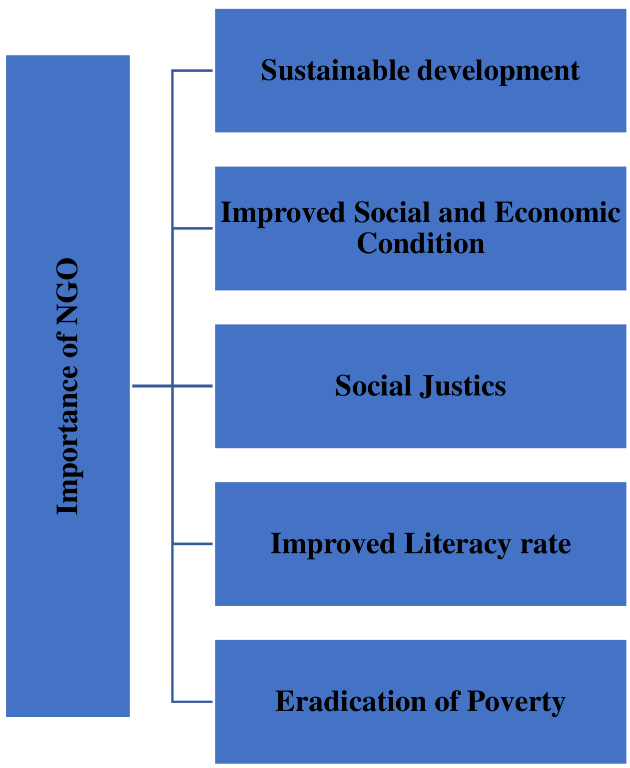


**Figure 1: Illustrate the Use and Importance of Non- Government Organizations**.

*1.5. Functions of Non-Governmental Organizations in India:*

NGOs' contributions to social transformation for the benefit and advancement of society are considerable. It has been shown that these organizations exist in various parts of the world and are devoted to helping people and other deserving causes. The NGO's staff members must be educated, inspired, and passionate about the organization's goals and initiatives. The following is a list of a few of the NGOs' roles: A social safety-valve NGO's role is crucial in orchestrating public unease and acting as an advocate for society's demands and issues. They are crucial in providing a voice to those who are poor and in need.

### *1.5.1. Boost Government Efficiency:*

One of the responsibilities of NGOs is to guarantee that the government responds to citizens' concerns and solves their issues, thereby making the government's work more responsible. NGOs are also allowed to make recommendations and support improvement or adaptability in government decisions by contributing their research and experience.

### *1.5.2. The Function of Service:*

People who are worried about any economic or social issue can reply or offer assistance through a non-profit organization. NGOs support dispute resolution and promote a climate of trust and reliability.

### *1.5.3. Participation in the Community*

The non-profit organization offers an alternative perspective, one that takes into account the ability to have meaningful conversations with neglected communities. The many cultures of India are being preserved and promoted by numerous NGOs. They have several distinct communities serving the objectives of the same NGO all over the world.

### *1.5.4. Empowerment of Women:*

The performance of key NGO tasks has made a significant contribution to the cause of women's emancipation. Fighting sati, harshness, dowry, and other societal challenges to women's education, lowering the prevalence of female feticide, and giving women work are only a few examples. Many foundations, such as Eklavya, Sewa, Agrani Foundation, or Environmental Advocacy Group, work for such causes. Since nobody is prepared to forego their current needs or endanger natural resources to pursue their own selfish goals, this area needs the most attention.

NGOs are therefore closely monitoring everything and developing regulatory systems to prevent the abuse of environmental resources, which results in environmental risks, which eventually cause health problems and natural disasters. A non-profit organization that serves the public or society to protect their rights and liberties is referred to as an NGO. The NGO is led by a collection of volunteers, activists, individuals, and social people who want to help those in need [9].

## *1.6. The Role of Non-Governmental Organizations in Economic Development:*

"NGOs" are those that "operations to relieve suffering, provide basic social services, represent the interests of the poor, or conduct community development," as per the World Bank. The Non-NGOs are administered entirely by volunteers who have no ties to the government. Whereas most NGOs depend on the government for funding and establishment, they keep up a key separation from them to guarantee smooth operations. NGOs manage their operations with the help of their current members and a large network of volunteers [10]. They are not government organizations, although they are lawfully established. NGOs are non-profit organizations that strive for the greater benefit. NGOs play a critical part in any country's growth. Currently, India has over 3.5 million NGOs. Figure 2 shows the role of NGOs in the development of the economic system.

Depending on their area of operation and aims, NGOs function on a domestic or international level. They are frequently seen as a lifesaver for those in need who are scrounging for a living in an uncertain world. Though several NGOs are profit-driven, this is not the case for all NGOs working on a variety of issues.

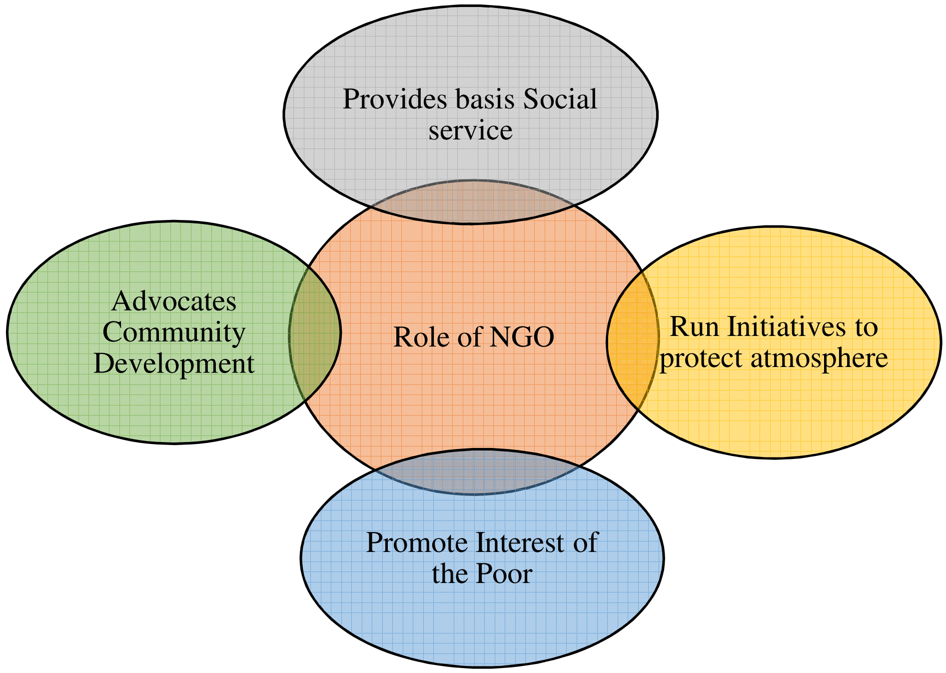


**Figure 2: Illustrate the Role of Non-Government Organization In the Growth of the Economy.**

*1.6.1. Generating a Non-Profit Organization:*

NGOs are now playing an important role in society as it is often seen that the state or government agencies do not work impartially. Some people do labor on their own and raise money from those who want to improve society without the help of the government. These NGOs work according to their own rules and values. In India, NGOs can be established without official authorization. Unregistered firms, on the other hand, are unlikely to gain from tax benefits in the future. As a result, NGO members must choose registration to function smoothly inside a system. People have included a few well-known non-governmental organizations that work in a variety of fields but all have the same purpose in mind: to improve people's lives.

*1.7. The Impact of NGOs on Society:*

Organizations in civil society provide the unorganized and voiceless sections of society a voice. They push for change or promote public awareness of social concerns, allowing local communities to create new initiatives that cater to their specific needs. Under their existence, NGOs have a variety of effects on society, and the following are a few examples: -

*1.7.1. Financial Assistance:*

NGOs provide financial benefits to many areas of society that require assistance during difficult times. Aside from lobbying for human rights, NGOs can help the local government raise finances to advance social-oriented activities. In general, an NGO is much more than a social relief organization that engages in various charity activities. Education several well-known NGOs have taken aggressive steps to improve childhood education. They have created several educational facilities across the world to fulfill this function, notably in underdeveloped countries of Asia and Africa. Health is one area where NGOs have a significant influence. Some trustworthy NGOs provide the pricey and necessary medication to individuals in need at a low cost. Certain NGOs even set up a camp to ensure that medication is distributed efficiently and that freedom checks are provided.

### *1.8. The Non-Governmental Organization's Goals:*

The majority of NGOs work to improve the lives of people in underdeveloped areas. Furthermore, NGOs address society's constitutional flaws, such as racism, child labor, and inequities. Furthermore, volunteers from NGOs meet with the underprivileged and vulnerable to empower them. These organizations strive to empower women and children by offering the greatest available assistance. An NGO's fundamental goal is to ensure the well-being of society and those who are vulnerable to chances and uncertainties. They play a critical part in women's emancipation, working to eliminate patriarchy's inequitable treatment and oppression to promote hassle-free living. Slavery or child labor are also combated by NGOs. They also make every attempt to protect youngsters from sexual abuse and physical torture. NGOs willingly assist in the lives of elderly persons who are suffering. They also build residences for the elderly by raising cash from well-known and trustworthy sources.

NGOs are extremely important in empowering women in underdeveloped regions. They promote traditional handicrafts through numerous channels to provide jobs for disadvantaged women in rural regions. Furthermore, in difficult times, non-governmental groups can be a lifesaver. They lend a helping hand to individuals whose lives have been disrupted by natural disasters. For the patients, they provide cash, therapeutic services, and rehabilitation institutions. In this paper author talks about NGOs, types of NGOs, the Importance of NGOs, and the role of NGOs in the growth of the Indian Economy system,

## 2. LITERATURE REVIEW

Lokesh Kumar Meena et al. stated in the study that India is a densely populated and mostly rural country, with a long history of NGO and volunteerism. The phrase “non-governmental organization” was coined in 1945 in response to the UN's requirement to distinguish in its charter participants” for intergovernmental specialized agencies from those for international commercial groups. The current study focuses on the state of NGOs and their involvement in agriculture development in India. This research explored the genesis of NGOs, the basic aims of NGOs, diverse roles of NGOs, responsibilities in agricultural and rural development in India, and the top 10 NGOs functioning in India. NGOs' fundamental role in agricultural and rural development is to catalyze rural populations, construct models, experiment, augment government initiatives, and organize rural poor [11].

Dr. Suresh Kumar Bhaker conducted a study that the establishment of NGOs is due to both human voluntarism and predictable structural components. On the one hand, these ensure an individual's decision to encourage growth within the framework of voluntarism; on the other hand, the needs of rural life generate this need for new institutions and agencies. Surprisingly, these two considerations dominate the decision on the type of treatment to also be implemented in the field. This study focuses on the role of NGOs in rural development in India. It is a case study of eight non-governmental organizations and NGOs working in the fields of health, hygiene, and sanitation in Uttar Pradesh, India. The performance evaluation of People's Participation is highlighted in the article. This research also investigates the Interaction Process, Mode of Interventions, or People's Participation in NGOs: Major, Ambiguities, and Dilemmas. A subsequent publication discusses the study's ramifications [12].

R. Thara and Vikram Patel discussed in a study that the deficiency of treatment centers or physicians in the government has expanded the psychological health care gap. Over the last few decades, non-governmental organizations (NGOs) have significantly contributed to not just closing this gap but also creating affordable repeatable models of care. NGOs work in a range of disciplines, such as drug dementia, alcohol abuse, schizophrenia, as well as other mental diseases in children, among others. Therapy, rehab, community care, research, education, capacity development, communication, and advocacy have all been part of their operations. This article describes the activities of NGOs in India. This is an upgraded version of the paper from the Government of India's upcoming book on mental health [13].

## 3. DISCUSSION

While infrastructure or industrialization can help a country progress financially, socioeconomic growth requires active engagement from civil society. NGOs are essential in filling up the gaps in the many socioeconomic development initiatives run by the government. By getting straight into the heart of the communities or conducting in-depth research, NGOs can make sure that the poorest of the poor in India experience sustained development and have access to higher education, employment, as well as other services. This guarantees that the advantages of economic progress are distributed to the lowest common denominator. NGOs can help India achieve sustainable growth, poverty eradication, or empowerment of the poor in a variety of ways.

### *3.1. Fight for long-term development:*

NGOs have long advocated for long-term development. They provide government agencies with data-driven help, as well as empower communities to progress toward a more sustainable lifestyle. The goal is to assist today's communities in growing and progressing without jeopardizing future generations' possibilities for growth. Donating to NGOs empowers them to champion the cause of India's socially marginalized citizens. Civil society uses the funds to launch social campaigns to compel firms or governments to move toward sustainability.

### *3.2. Poverty Reduction:*

While India has made significant economic progress over the previous two or a half decade, housing, sanitation, access to clean water, healthcare, decent education, and nutrition are critical for the country's 260 million people to escape poverty. NGOs carry out significant awareness, sensitization, as well as development efforts to eradicate the causes of poverty. Additionally, they work locally to strengthen communities. For instance, Save the Children strives to provide education to India's most at-risk children to aid in their development as adults. Similar to this, there are nutrition as well as health program in place to guarantee that underprivileged children have a happy and healthy childhood.

### *3.3. Empowerment of children:*

The future of each nation rests on its youth. Nowadays, children who are successful and happy begin to grow to be accountable, qualified adults who can make a substantial contribution to the process of nation-building. For the poorest but also most disadvantaged children, Save the Children runs a pan-Indian program and efforts to maintain their health and safety or to make sure they obtain a good education. To help children in India's most marginalized communities, Save the Children works at the grassroots level in remote villages, tribal areas, and slums. It is critical that our culture respects children, recognizes and embraces their rights, and provides them with a happy upbringing. This would go a long way toward real growth. NGOs have the potential to shape society for future generations. They have the potential to steer the political conversation towards equality and long-term progress. During the last two decades, more NGOs can contribute to vast changes in the socio-economic environment of India by drawing upon their vast experience in bringing about a change in the lives of backward groups and advocating for their (backward communities') cause. Make a charitable donation today to help India grow.

## 4. CONCLUSION

The development of the underprivileged in society is greatly facilitated by NGOs. Also, it is doing a great job in this regard. The development of socially disadvantaged persons is provided significant assistance by Non-Governmental Organizations (NGOs). Also, it is doing great work in this area. It has taken several initiatives, such as the fight against poverty, and is working to address many social evils. It has assisted in the construction of dams, railways, and roads, but has also helped in providing all essential services to the underprivileged, rural areas, and weaker sections of society. The role of an NGO is to serve mankind by providing an example. It follows the core philosophy of "Karjanj Sukhe, Sarvajan Itihas" and hence has a long way to go in the matter of nation-building. In India now many organizations are trying to improve human existence. NGOs undoubtedly have a greater impact on the lives of people in society as they act as a buffer against economic and environmental upheavals. If you want to set up a non-profit organization for a charitable purpose and receive tax benefits, you will need the approval of the government. Once you get the registration and convert your company into a legal organization, it will be very easy for you to get the tax benefits. For NGO registration, you can get in touch with the experienced employees of Corpbiz, who will look into your matter and help in making the registration process paper, in this study, the author discusses NGOs, their relevance, their impact, and their role in economic progress. This study will be useful in demonstrating the role of NGOs in the development of the economy in the future.

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# CHAPTER 13

# IMPACT OF COVID-19 ON MIGRANT WORKERS AND THE ECONOMY OF COUNTRY: AN INDIAN PERSPECTIVE

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***ABSTRACT: Mobility has been an integral part of human life since the beginning of civilization. Many factors influence migration in today's world, including political, economic, or religious considerations, as well as threats to life or ethnic and socio-cultural difficulties. Everyone knows that due to COVID-19 people have to face a lot of problems in their life, they lose their job and love once. This study will address many of the most important issues related to pandemics like COVID-19 and their impact on the migrant population. These effects are especially for low-income households because they are less prepared to handle wage loss during a recession, do not have access to Social Security, or have no additional sources of income. Many of these individuals are only paid enough to support themselves, and if they stop receiving benefits, they will have no other means of support. This vulnerable group comprises a large proportion of migrant workers. Lakhs of migrant workers in India are projected to lose their jobs as a result of the lockdown and the impending recession. Many migrant workers have already gone back to their homes, while many more are eagerly waiting for the lockdown to end. This study will examine the effects of various financial and non-financial variables on net migration in the future, as well as the effects of net migration on the level of economic development in India's 15 largest states.***

***KEYWORDS: Covid19, Emigration, Indian Economy, Migration, Unemployment.***

## 1. INTRODUCTION

Migration is the act of moving from one place to another to survive and find work. People move from one city, region, or nation to another for a variety of reasons, including shelter, jobs, or other reasons. There has been a recent increase in the number of persons migrating from rural to urban areas in India. Migration of people is a long-standing phenomenon that started with human life in the world [1], [2]. It is one of the three primary factors in any geographic area's population growth since it affects ecosystems or human health. People have been moving from one place to another since the beginning of time in quest of better living conditions, food, employment, education, and business possibilities. When a person crosses a political or administrative border, it is referred to as migration. Social phenomena known as migration can be seen as a fundamental feature of society [3], [4]. Millions of people have died as a result of the COVID-19 pandemic, which has resulted in the closure of markets and industries and lockdowns across the world. It is prompting people to re-evaluate global political and economic relations. It is setting a "new normal" across the board, from formal schooling to global labor migration.

The pandemic has severely damaged international labor migration. We have serious and urgent concerns for the well-being and employment stability of the more than 91 million foreign migrants from Asia and the Pacific, among people from other parts of the world. The term “migration” refers to the process by which people adjust to new environments, which involves making decisions, preparing, following processes, relocating to a new area physically, adjusting to local cultural expectations, and eventually joining the global system. The sorts of migration shown in Table 1 will have a substantial influence on the remainder of the life of the individual who undergoes this surgery [5], [6]. The COVID-19 problem has presented governments with a wide range of economic difficulties hitherto unheard of, making critical industries more vulnerable to the global pandemic. The government's actions to limit movement to prevent the virus from spreading further impacted the lives as well as livelihoods of migrant workers, leaving many in India eager to return to their native places. Even during the COVID-19 crisis, migrants, especially those who work in the informal sector and are illegal workers, are subject to income loss and hardship.

*1.1. Different Types of Migration Include:*

**Table 1: Illustrate Several Types of Migration and their Description.**

| Types | Description |
|---|---|
| External Migration | Changing one's address from one location to another, frequently in a new state, nation, or continent. |
| Internal Migration | It entails individuals moving from one location to another in a state, nation, or continent. |
| Emigration | Emigration is the phenomenon of people leaving their home nation to live in a different country. Emigrants in Country, for example, are people who have left India and already live in other countries. |
| Immigration | Immigration refers to the process of individuals relocating to a new nation. Individuals moving from India to other nations, for example, are referred to as immigrants in their target country |
| Step Migration | Whenever a person's life is marked by a series of migrations from his or her point of origin to his or her eventual destination, these migrants are shorter but less intense. For instance, moving from a farm to a hamlet, again to a town, and ultimately to a metropolis. It was initially detected in England. |
| Population transmission | When an administration forces people to move from one place to another in large groups because of their religion or race, they do so in large groups. It is also known as a forced or limited transfer. |
| Impelled Migration | People don't emigrate because they are forced to; rather, they do so because of unfavorable conditions like wars, political upheaval, or religious persecution. Additionally known as coerced or unwilling migration, this type of migration. |
| Chain Migration | Whenever a family or a specified group of persons undergoes a series of migrations. Typically, a chain migration begins with one family member, who then assists/transports additional family/community members to the new location. |
| Return Migration | Return relocation is the process of transients returning to their original place on their own. Another name for it is ground movement. |

*1.2. The reason behind Migration:*

Many individuals today decide to move in quest of a better life. There are many reasons why people relocate, but employment opportunities are by far the most common. Additionally, villages moved to cities due to a lack of opportunity, improved education, the construction of dams, globalization, natural calamities (such as floods or droughts), as well as agricultural failures [7], [8]. People move for many reasons, including education, career prospects, and weather concerns. However, a variety of theories have been established to understand the many reasons that encourage individuals to move from one place to another.

- Each migratory flow is followed by a counter-migration.

- Most migrants travel only locally.
- Locations in large cities are more frequently chosen by long-distance migrants.
- The proportion of migrants in cities is less compared to rural areas.
- Although the majority of migrants are adults, families are much less likely to relocate abroad than newly emerging individuals.
- Migration, in contrast to natural growth, drives the expansion of large cities.

### *1.3. Economic Impact:*

The virus is to blame for the start of a serious decline in the economy. Both supply and demand have suffered as a result (consumption, exports, investment, and imports). The economic fallout from this health catastrophe is more likely to have an impact on Indians than the sickness itself. The COVID-19 epidemic has harmed many internal migrant workers, who have lost their (mostly informal) jobs and are unable to travel back to their homes because of interruptions in public transit or movement restrictions. This was a reality for the majority of migrant workers, particularly those who live in cramped slums or work in the unorganized sector. A significant portion of migrant workers or employees in the unorganized sector is barely making ends meet. They will suffer as a result of the lockdown and the Coronavirus breakout, which will cause them to lose their means of support. Additionally, it can significantly affect their children's education, access to medical care, as well as food and nutritional consumption.

The pandemic crisis has an impact on the origin nations of international migration since they rely heavily on the remittances that are sent by their citizens overseas and suffer from revenue loss. The epidemic started as a medical calamity but subsequently evolved into an economic catastrophe with dire repercussions for every aspect of society. Lockdown policies implemented by the government to stop the pandemic's spreading have disproportionately impacted employees in the informal economy. The bulk of them has gone back to their home villages, where they lack both funds and means of livelihood. It is essential to protect them and support them while they recover from the trauma. The real Gross Domestic Product (GDP) was expected to rise by 6.3 % from 2019 to 20, according to the Reserve Bank of India (RBI). On the other hand, the International Monetary Fund noted that the country's economy has slowed significantly and cut India's growth forecast for 2019-20 from 1.4 percent to 4.9 percent. As a result, the lockdown caused by the viral pandemic will have a significant negative impact on the economy, which had already seen weak growth in the last financial year. The problem is more likely to affect migrant people who are employed in the unorganized sector. Because of Covid-19, Indian migrant workers have had several difficulties, including having their places of employment shut down as a result of national lockdown measures, which have affected their ability to support themselves.

### *1.4. Migration's Effects:*

The question of migration is becoming increasingly important to urban life. Large numbers of people are attracted to the many changes and attractions of big cities. As seen in Table 2, migration may have both beneficial and bad consequences on migrants' life.

**Table 2: Describe Positive and Negative Impacts Such As Migration Effects.**

| Positive impacts | Negative Impacts |
|---|---|
| Unemployment is lower, and individuals have more work options. | In rural areas, a person's death has an impact on the region's development or output. |
| Migration leads to an improvement in | Competition for employment, housing, or |

| | |
|---|---|
| people's quality of life. | educational resources, among other factors, increases when more workers move to cities. |
| Learning about different cultures, traditions, or languages improves people's social lives and encourages brotherhood. | An enormous population puts an unreasonable amount of burden on the environment, infrastructure, and services. |
| The region's economic growth is enhanced by the emigration of bright workers. | Because there is no natural habitat or pure air in urban areas, villagers find it difficult to flourish there. They are in charge of every aspect. |
| Children now have better possibilities to pursue higher education. | India's population distribution is unequal because migration changes a place's population. |
| As population density decreases, the birth rate declines. | Many immigrants lack basic education and living skills, rendering them unfit for the majority of work. They also frequently lack both literacy and schooling. |

The COVID-19 pandemic has had a significant impact on India's migrant domestic workers. This brief presents key findings from a survey of 10,162 female migrant workers across 12 Indian states to address the gender-related consequences of the pandemic on migrant workers. According to studies, women working as migrant laborers had to reconcile the responsibilities of looking after their families with the financial needs of their families. In addition, their income dropped by more than half from pre-pandemic levels, even during the pandemic. It briefly examines the utility of social security services for overseas Indian women, taking into account food security, cash assistance, and government health insurance, including protection against domestic abuse.

## 2. LITERATURE REVIEW

Aijaz Ahmad Torrey analyzed immigration detention in the subject of criminology. Internal migration and its social, as well as economic consequences, are discussed in this study by the author. Migration is a relatively new phenomenon, particularly in underdeveloped countries. Both pros and disadvantages abound. The present paper attempts to track internal migration across India. The author will also try to focus on any issues or emerging migration patterns in India. As a result of relocation, several issues develop. In India, the topic of migration was examined in terms of the social and economic consequences it had on both the sending and receiving sectors. The research collects data on migration trends from 1991 to the present. The "National Sample Survey Office" (NSSO), as well as the Census of India, provided data for this study [9].

Mary Bosworth and Sarah Turnbull studied the historical evolution, experiences, typologies, and repercussions of deportation proceedings will be discussed in this paper, with a focus on Australia, the European Union, the United Kingdom, Canada, as well as the United States. The goal of this research is to show the importance of immigration detention in the field of criminology, as well as how such incarceration is different and how it is linked to 'normal' criminal logic and institutions. It will do so by highlighting how immigration detention in a globalizing society reflects the expanding reach of criminal authority as well as racism, gender, or postcolonial connections [10].

H. G. Virupaksha explored that the major motives for shifting residence will be to create a sustainable future or to avoid debts or poverty, according to migration and mental health.

Migration is a social phenomenon that has an impact on humans and the environment. As a result, migration has a significant impact on every region, but it is one of the three major factors contributing to global population expansion. As a result, migration is a multi-step process that must be completed in stages. Furthermore, it harms the emotional well-being of such a meeting. Movement and its effects on human prosperity have become a contemporary issue as a result of globalization, advanced advancements, modernization, as well as improvements in all areas; consequently, here's a work to comprehend resettlement and its impact on the personal wellbeing of transient conditions through research focuses on led all over the world [11].

## 3. DISCUSSION

Individuals are characterized as migrating away from their usual residence across nationally and internationally (cross-national) borders. The 2011 census figures are the latest official figures on migration. According to the 2011 census, there are 45.6 million migrants (38.00 percent) in India, up from 31.5 million in 2001. Between 2001 and 2011, the population rose by 18.00%, while the number of migrants climbed by 45.0%. Domestic migration accounted for 99 % of migration in 2011, with overseas migration accounting for 1.00 percent. The problem is more likely to affect migrant people who are employed in the unorganized sector. Because of Covid-19, Indian migrant workers have had several difficulties, including having their places of employment shut down as a result of national lockdown measures, which have affected their ability to support themselves.

### *3.1. The Lockdown's Impact on Migrants:*

Both domestic migration and the size of the migrant workforce are affected by the lockdown. In 2011, marriage or having children accounted for over 70.00% of migration within the state, with varying motivations from male and female migrants.Only 39.00 percent of males travel for marriage or family, compared to 83.00 percent of females. Overall, 8.00% of persons relocated within a state in pursuit of employment (21.00% of male migrants and 2.00% of female migrants). Male interstate migrants were far more likely than female interstate migrants to move for work, with rates of 50% versus 5.00% for male interstate migrants. There were 4.5 crore migrant workers in 2011 as per the census. The population of migrant workers is undercounted in the census, claims the Joint Committee on Migration study. It is so called because women's migration is mostly influenced by family. Many women do find employment after migrating, even though the number of women moving in search of jobs does not reflect this. Figure 1 depicts the necessity for individuals to relocate from one location to another.

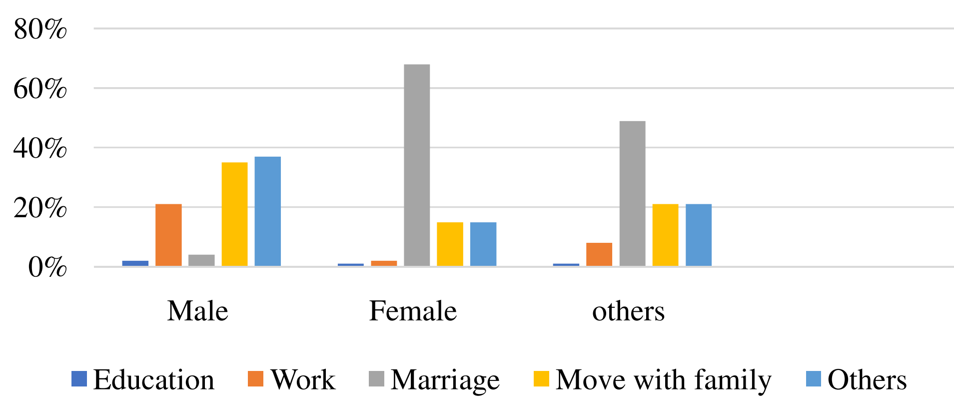


**Figure 1: Illustrate the Requirement of People to migrate from one Place to Another Place.**

### *3.2. The Impact of the COVID-19 on Migrant Workers:*

The spreading of the Corona infection from its epicenter in Wuhan, China, to the rest of the world is attributed to human migration. On the other hand, medical professionals believe that immobility as well as confinement, including lockdown and social isolation, can aid in the control of this dangerous sickness. The shutdown is expected to create massive economic and societal disasters in today's globalized world. Migrants are more vulnerable to diseases and disasters in cities. A state-wide lockdown for 21 days was announced on March 24, followed by the identification of the first COVID-19 case in India on January 30, 2020. Borders were blocked, transportation was suspended, and all types of economic activity were ceased, with only essential services staying open. Hundreds, if not thousands, of migrant workers lost their employment and were homeless overnight as a result of this. These migrant laborers faced severe concerns such as food, shelter, salary loss, fear of illness, and worry. As a result, many people began migrating from various cities to their homelands [12], [13].

Several passengers perished along the way due to hardship, malnutrition, accidents, or illness, and some even completed the journey. According to a telephonic survey of over 3000 travelers from north-central India, the majority of the laborers were day-to-day breadwinners, 42 percent were left without proportions during the lockdown, and 33 percent were forced to remain in the target city with no food, water, or cash, and 94 percent were short on specialist's character card. Because of the unexpected outcome, a large number of travelers were trapped all across the country [14], [15]. At stations and specific place boundaries, explorers were abandoned. Because there was no public transit, many people had to travel hundreds of kilometers to reach their home networks. People who returned to their childhood homes were treated harshly by the authorities and locals, who saw them as possible disease carriers. After a group of returnees was sprayed with synthetic substances to sterilize them, the local power apologized. It is one of the nation's most significant mass relocating convergences. The effort to stave off the plague turned into one of India's most heinous human tragedies in recent memory [16], [17]. According to a report released in December 2011 by the Standing Committee on Labor, there are few employees registered under the ISMW Act, and the requirements of the Act have not been properly implemented. According to the study, the federal government has not taken any significant or efficient steps to ensure that contractors, as well as employers, are obliged to register the persons employed by them to be eligible for benefits under the Act. When a migrant moves from one place to another after registering to receive benefits, they lose access. Especially when it comes to PDS rights, this is true. State governments issue ration cards required to avail of PDS benefits, and the same cannot be transferred to states. Interstate migrants are not eligible for PDS unless they leave their home state card or obtain a new one from the host state.

Migrants in urban areas were named in 2015 by the Ministry of Housing or Urban Affairs as having the greatest need for housing in cities. Low-income housing options, both for purchase and rent, are in short supply. As a result, slums and informal settlements developed. The "Prime Minister Awaas Yojana" (PMAY) is a federal government program that aims to assist economically disadvantaged and low-income people in obtaining homes. The initiative assists in the following areas:

- Rehabilitation of slums
- Loan for concessional housing loan,
- Subsidy up to Rs 1.5 lakh for self-construction of a new house or renovation of an existing one.
- Collaboration with the business sector to increase the availability of affordable housing. Since construction is a state problem, each state requires a different approach to affordable housing.

### *3.3. During the Lockdown, the Government Took Steps to Protect Migrant Workers:*

Several interstate migrant workers attempted to return to the old state during the lockdown. As a result of the suspension of public transportation, migrants began trekking back to their home states. Following that, the central government allowed buses or Shramik special trains, subject to state coordination. Between May 1 and June 3, around 58 lakh migrants were transported by specially operated trains, and another 41 lakhs were shifted by road. The government has taken the following initiatives to help the migrants.

#### *3.3.1. Transportation:*

The government on March 28 authorized states to recruit migrant workers through the State Disaster Response Fund. States were advised to build relief camps with medical services along the highways to ensure that people stayed in the camps while the lockdown was in effect. On April 29, the home ministry issued a law allowing states to personally coordinate the movement of migrants using buses. On May 1, the Indian Railways resumed passenger service with Shramik Special trains for the first time since March 22, allowing migrants detained outside their home states to return home. Between 1 May and 3 June, Indian Railways ran 4, 197, 00 Shramik trains carrying 58 lakh migrants. The most common states for the origin of Shramik trains are Gujarat, although Maharashtra is also popular, while the most popular states for train destinations are Uttar Pradesh or Bihar. It is worth noting that these trends are quite similar to the migrant pattern shown by the 2011 Census data**.**

#### *3.3.2. Food distributions:*

State legislators can now access travel labor aid camps with food, sanitation, and medical services, with approval from the ministry of health or family affairs on April 1. On May 14, the finance minister said that temporary workers without ratio cards would get free food. Food grains for an extended period under the second phase of Atmanirbhar Bharat Abhiyan. The program is anticipated to benefit eight million traveling employees and their families. The finance minister stated that the One Nation One Ration Card, which would provide customizable benefits under the PDS, will be implemented by March 2021. The allotment will be available to everyone in India from any reasonably priced vendor. For example, Rajasthan, Madhya Pradesh, and Bihar have provided one-time financial assistance to departing migrant workers. The state of Uttar Pradesh has given the returning migrants. Maintenance allowance of Rs. 1,000. Impact of reverse migration on migrant workers.

- It is unclear if migrant workers will want or be able to return to work after the lockdown is lifted. A variety of things might influence their selections.
- The extent to which fear related to the pandemic is felt in major cities;
- After the lockdown is lifted, people will be able to easily travel across the country.
- Because they have seen the worst of cities, they know painfully that life in rural areas is only a third more expensive than in cities.
- Small dry pieces of land owned by migrant workers can be converted into productive agricultural land for a small investment.

## 4. CONCLUSION

The reasons, outcomes, and repercussions of population movement in India, especially in the informal sector, are examined in this research. Internal migration has the potential to boost human capital investment in India, especially among the poor and disadvantaged. Evidence from India's internal migration demonstrates that private transfers assist young teenagers more. It has also been shown that there are hurdles to cross-state movement, notably among the impoverished and low-caste households. It is also possible that focusing on these issues will be important for building future programs to reduce poverty. Since agriculture is the main economic pillar of the nation, the rural-to-rural stream of migration dominates the overall migratory process. Male or female economic employment or marriage was found to be the primary driving force for migration to the nation. This study addressed some of the most urgent concerns about how pandemics like COVID-19 affect migrant populations. This paper will further examine how various economic and non-economic factors affect net migration as well as how net migration affects the rate of economic growth in the 15 largest states of India.

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# CHAPTER 14

# EXPLORING THE CHALLENGES OF INTERNATIONAL ECONOMICS WITH GLOBALIZATION

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***ABSTRACT*: *International mobility that affects national economic conditions and determines trade relations between nations, globalization, products and services known across national and international borders. Globalization is accompanied by problems in international economics, in that as an effect of globalization, global income inequality has increased rather than decreased, and two opposing forces are responsible for global inequality of individuals, inequality between nations, and inequality within countries. The author focuses on the challenges in international economics associated with globalization such as slowdown in production, income gap, low inflation and low level of wage growth, rising debt burden, economic slowdown and global cooperation. In this paper, the author discusses the various factor of global challenges with globalization such as global economic challenges, and globalization's importance for the nation. It concluded that the world becomes increasingly globalized as more nations and regions join together politically, culturally, and economically. In the future, Organizations have to expand output as a result of globalization to keep up with demand worldwide.***

***KEYWORDS: Challenges, Globalization, International Economics, Nations, Resources.***

## 1. INTRODUCTION

The economic activity of several nations and their effects are the feature of global economics. In other terms, international economics is the study of how countries interact economically and how global concerns affect national economies. International commerce entails the transfer of commodities or services as well as additional production inputs like labor and capital across country boundaries. The study of cross-border capital product or investment flows is involved in international finance [1]. Only with the rise of globalization were international trade and finances conceivable in nations.The integration of the economy on a global scale is referred to as globalization. The exchange of academic, economical, and political problems across nations is necessary for advancements in critical infrastructures such as communication, transport, and technology. Since the advent of globalization, the free flow of services and goods, money, labor, and funds across nations has dramatically risen [2], [3]. Globalization's effects can be either favourable or bad for instance, globalization has improved employment prospects and pushed for the harmonization of global economic rules and regulations.Additionally, it has led to the removal of trade restrictions like tariffs and quotas. The share of the market of companies has decreased as a result of the increased worldwide rivalry brought on by globalization [4], [5]. Therefore, whether a company engages in international commerce or not, the effects of globalization are significant.

The study of international dynamics that influence national economic situations and determine trade connections between nations is referred to as global relations. In other words, it investigates the impact of economic interconnectedness on national economies [6],[7].Globalization, trade earnings, economic relations, the trade balance, and international immediate investment are only a few of the concepts covered in this study of business and economics.International economics also discusses the production, trade, and investment among nations. One of the most important ideas for nations today is international economics. The study of international economics has advanced significantly over time thanks to several theoretical, empirical, and descriptive contributions. Economic activity between nations generally differs from economic activity within nations. Due to numerous constraints put in place by governments, for instance, mode of production is much less mobile between nations.Internal economics studies the effects of different legislative restrictions on income distribution, trade, and consumer. Learning macroeconomics as a branch of finance is essential as a result.

*1.1.Globalization and its Working Strategies:*

Concepts, information, know-how, goods, and services traverse domestic and international borders through the process of globalization. The term is used in trade to describe linked economies that emphasize free trade, the free movement of capital across countries, and straightforward access to global resources, including labor markets, to maximize profits and advantages for the public welfare.The driving force behind globalization, or globalization as it is known in different parts of the world, is the fusion of cultural and economic systems [7]. This convergence promotes global interdependence, integration, and interdependence, and in some cases, it is required. When more countries and regions are connected politically, culturally, and commercially, the world becomes more globalized.

In a global economy, nations that specialize in commodities and services where they'll have a comparative benefit do so. This frequently suggests that they can produce their resources more affordably than other countries while yet utilizing them more effectively. Theoretically, world consumption needs to be more efficient, prices should be lower, and economic progress should be widespread if each country concentrates on what it can do best. Economic globalization is facilitated by laws and regulations that support free commerce, open borders, and international collaboration.They make it possible for firms to get inexpensive materials and components, benefit from cheap labor markets, and connect with vast and expanding global marketplaces where they may sell their products and services. More quickly than ever before, goods, people, information, and money transit international borders. Technology developments have facilitated and expedited this flow, leading to global interconnections and interdependencies. Transportation and telecommunication have seen the most significant technological advancements.

The present paper is a study about the international forces that influence domestic economic circumstances and the nature of international economic connections. The globe, gets increasingly globalized when more nations and areas are integrated on a political, cultural, and economic level. This paper is divided into several sections where the first is an introduction and the second section is a literature review and suggestions from previous studies. The next section is the discussion and the last section is the conclusion of this paper which is declared and gives the result as well as the future scope.

## 2. LITERATURE REVIEW

Terry Flew [8] has explained thatglobal information studies and the social sciences more broadly are affected by the globalization paradigm. Via the embrace of non-regional identities and through political, social, and cultural transformation, its primary goal is to resonate with national cultures and forms of identification that are derived from regions. The article implies to have seen two persistent and related flaws: underestimating the continued importance of nation-states and overestimating how post-national and cosmopolitan cultures and identities have become. As a result, a more protectionist global system and rival populisms inside nation-states have emerged. It concluded that the perceived globalization problem we are currently experiencing and the development of populist groups signal a resurgence of the importance of domestic political forces in the formation of globalization.

LIU Weidong et al. [9] have explainedthe Belt and Road Initiative (BRI), put out by the Chinese government, is gaining worldwide support. The author discussed how academics and political leaders believe that the BRI offers up a potential new path for globalization, among which inclusive globalization merits investigation. The author explains the BRI's implementation, the process of global economic development, and the drawbacks of neo-liberal globalization. The BRI is the result of an interaction between China's growth model transformation, the strengthening of globalization, and changes in the global economy's structure. The study concluded that economic globalization, as primarily molded by neo-liberalism, stands at a crossroads and that real anti-globalization initiatives are continually emerging.

Sonia Mukherjee [10] has explained thatThe Indian Micro Small and Medium Enterprises (MSMEs) are falling behind the competing companies since the process of globalization began. The study considered the instance of the Indian Coir Industry, a historic export-oriented sector that faces fierce competition from rivals' other synthetic goods. The author claims that the Kerala-based state is where the traditional agro-based Indian coir industry first emerged. It was found that the Indian economy has a variety of difficulties, including excessive borrowing costs, trouble finding raw materials at competitive prices, insufficient infrastructure, and a shortage of trained labor. It concluded thatExports to the international market have increased, although export revenues have not increased significantly over time.

Lukas Linsi and Daniel K. Mugge [11] have explained thatOfficial international economic data are often regarded as reliable and insightful indicators of international trade and money movements. The author says that as Tran’s nationalization of economic output steadily weakens the reliability of BOP data, measurement quality deteriorates with time. The official BOP statistics' measurement quality is poor, and economic globalization is further eroding national-based statistics' capacity to meaningfully represent economic activity. It was concluded that these data were widely used in academic research and public discourse on the global political economy despite their false preteens to the truth. Maurice Rogers et al. [12] have explained thatan impact on a nation's or country's ideology might result from the economic effects of globalization on that nation's or country's ideology. The author contends that in this period of globalization, Indonesia is contending with two major world philosophies that are now conserving its development: liberalism, which is backed by western nations, and socialism, which is supported by communist countries. The strong draw of free markets and foreign investments in Indonesia has resulted in the development of capitalism ideology with liberalism. The study concluded thatEconomic globalization is the process of combining diverse global economic systems, which will drive countries, like Indonesia, to change their economic policies following generally pro-liberalizing international regulations.

The above study shows global information studies and the social sciences more broadly are affected by the globalization paradigm as well as official international economic data are often regarded as reliable and insightful indicators of international trade and money movements. In this study, the author discusses the various factor of global challenges with globalization such as global economic challenges, challenges of globalization, and globalization's importance for the nation.

## 2.DISCUSSION

International economics is focused on how disparities in consumer choices and productive resources across national boundaries, as well as the institutions operating internationally, impact economic activity [1]. It aims to explain the trends and results of contacts and transactions, including commerce and investment, between citizens of various nations.Globalization has changed how nations, businesses, and people interact with one another. It specifically modifies the nature of global trade, expands global supply chains, and provides access to labor markets and environmental assets.The worldwide environment of multinational firms has seen a significant transformation in recent decades. The long-term link between productivity, trade and Foreign Direct Investment (FDI) indicates that globalization has raised productivity in world economies. Despite the pandemic issue in 2019, it is expected that global commerce amongst multinational corporations would increase by around 52 percent in 2021 in both developed and developing countries in Figure 1.

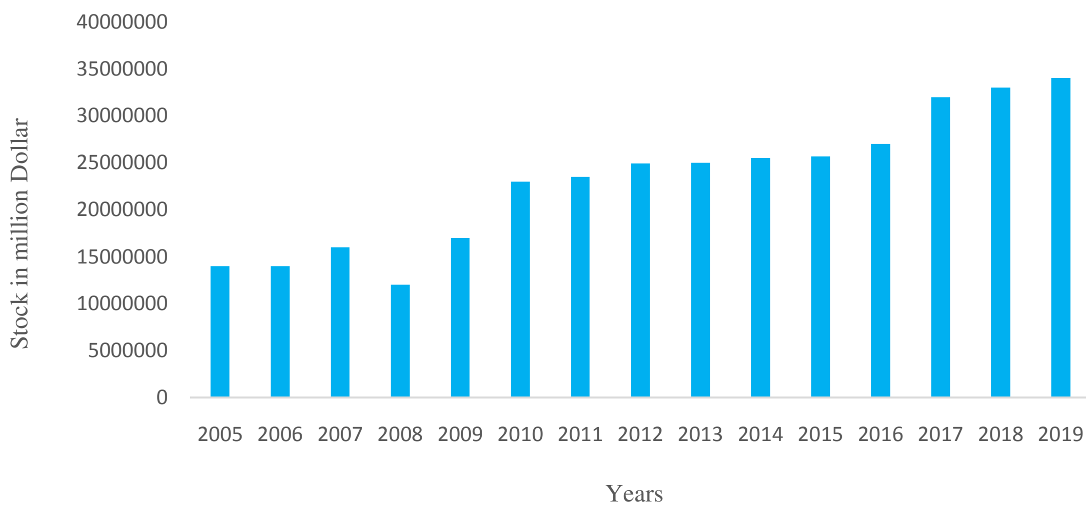


**Figure 1: Illustrates the Organization for Economic Cooperation and Development which shows that the global FDI indicator has increased almost three times since 2005** [13]**.**

2.1. *Global Economic Challenges*:

All of these issues are putting pressure on international organizations as well. International groups are being asked to redefine their responsibilities more often in Figure 2 to maintain the relevance of their activities and initiatives in this shifting political and economic climate [14]. They are also under pressure to provide evidence of how they enhance citizens' quality of life. Companies must concurrently maintain compact structures to lessen the tax burden on the taxpayer and improve the efficiency and effectiveness of their operations.

*2.1.1. A Slowdown in Productivity:*

It became clear that several countries were facing a downturn in economic growth after the global financial crisis. Due to the magnitude of the fall and the fact that it happened in developed, developing markets, and low-income nations, this was unique. Many of you are using your cell phones. Perhaps more than any other, this is an area of development that has drawn attention. Some would claim that it boosts productivity, while others might assert the opposite. Without a doubt, it has added interest to our lives. Undoubtedly rather impressive, the worldwide coordinated production process that has developed to provide our goods.The advancements go beyond the information technology industry. Consider gas and oil. In this sector, technological advancements have been astounding. The price of producing energy has significantly decreased. In many nations, including our own, it has taken the place of the energy matrix. However, the business is also up against fierce competition because of the quick advancement of renewable energy sources. Also consider how quickly the retail sector is changing, with more and more stores and shopping centers being supplanted by the internet.

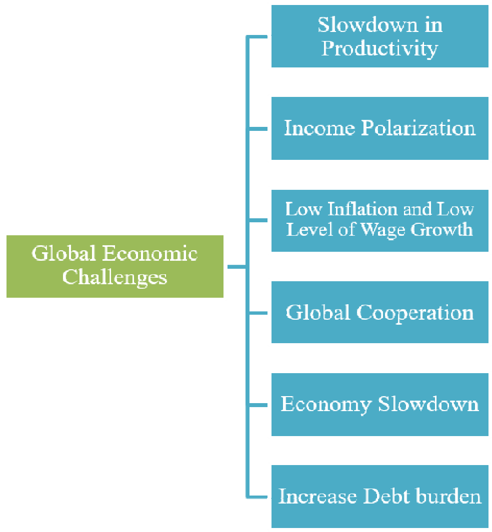


**Figure 2: Illustrates the Global Economic Challenge in which all these elements are Putting Pressure on International Organizations.**

*2.1.2. Income Polarization:*

This leads me to the vibrant continuing skewed income distribution in modern nations, both in the United States and Europe, we have observed this tendency to differing degrees. All of this relates to the topic of productivity. In many industrialized economies, improving the quality of life has grown more challenging. But aside from dwindling productivity and sluggish income growth, there is so much more going on. In terms of accounting for inflation, the U.S. has more than half of Americans.Family earnings are now lower than they were in 2000. Additionally, distribution factors are in play.The percentage of American families earning between 0.5 and 1.5 times the median income, which is the middle of both the income distributions and roughly where the middle class would fall, is declining in the left-hand graph on this page. There has been a persistent and noticeable decline in this group.

*2.1.3. Low Inflation and Low Level of Wage Growth:*

The following topic seeks to call attention to the absence of worldwide inflationary and income growth, particularly in industrialized countries. Overall inflation in Germany is far below the external commercial borrowings (ECB) objective of 2 percent, as seen in the following slide. Both the headline and core inflation rates in Japan are quite low. The US is seen here. Despite prior success in bringing inflation near the Fed's 2 percent objective, the U.S. has experienced a reversal during the past several months. At 1.4%, while core and overall inflation are now. According to our estimates, high employment is currently present in the United States, Germany, and Japan.Even while labour markets are improving, there does not seem to be a substantial drive for a rise in nominal wages. There isn't much proof of wage pressure, for sure. This low escalation is caused by strong structural forces. Once more, labour productivity has decreased. The dynamics of the labour market are also decreasing.

There might be further secular influences at work. The ageing of many industrialized economies is evidence of a demographic shift. Another is the growing merging of businesses into larger and larger groups, which boosts companies' negotiating power and drives down wages. Differentiating amongst drivers is a difficult process.

### *2.1.4. Global Cooperation:*

The final point wants to make won't surprise anyone because of anInternational Monetary Fund (IMF) representative. There are worries that the promised jobs and greater living standards are no longer being produced by a more connected and globalized international economy. The attempt to cut down the rate of technological advancement or increase globalization should not be the reaction to these worries, though. The tremendous, constructive improvements that these forces have brought about cannot be disregarded. Take the significant decrease in poverty in the world from the preceding generation, for instance.They must avoid making decisions that exacerbate tension between nations, have unpredictably negative spill over effects, or undermine the still-present broad international growth of economic integration. Interfering with the free movement of investments and products is not the answer. Upsetting commercial links and supply lines will only make things worse they ought to choose a better course. This entails continuing to exploit the advantages of technology and globalization while also improving how well the global system functions for all of its inhabitants.This entails encouraging a multilateral framework that supports a more interconnected global economy, maintains a level playing field free from distortionary or protectionist measures, and reduces the effects of transnational illnesses as much as feasible.

### *2.1.5. Economy Slowdown:*

Many nations implemented assistance measures to lessen the economic impact; once more, many individuals will need to take the required actions to restore their economy. The international economy is currently seeing a robust bounce in part as a consequence of this, although it is hard to say how long this will persist. This tenuous recovery might be severely undermined by a fresh wave of COVID-19.For instance, we observe this taking place in China, where development is presently slowing. The nation has had several viral outbreaks in recent months, which prompted the government to enact tough, extensive restrictions. In addition to this, the leading real estate sector's problem is also harming economic activity, with all that entails. This slowdown will have an effect on China's international trading partners and the cost of raw resources.

### *2.1.6. Increase Debt Burden:*

The significant increase in the public debt is the second effect of the epidemic and reform measures. This is a unique problem for developing nations, where the pandemic's economic toll has been partly reduced as a result of the postponement of debt payments for the poorest citizens. The effects of eliminating this restriction are still an open question. Private sector businesses, particularly those in the service industry, such as those in the tourist, cultural, and aviation industries, are also left with significant debt. Governments should not be the only ones in this situation.Companies are also concerned about supply disruptions on a worldwide scale, increased cost of raw materials, and expensive freight transportation expenses.

## 2.2. *Challenges of Globalization*:

The term negative repercussions of globalization are frequently used to describe more significant socio-political issues that all countries and enterprises must address in Figure 3. People need to be aware of these to formulate an effective strategy for your company's worldwide development.

*2.2.1. Labour Exploitation:*

Many businesses in wealthy nations contract with developing nations for part of their service and manufacturing needs. While this has typically benefited the regional economy in developing countries, there is still a significant level of exploitation of local employees. International norms to safeguard employees are being developed by organizations like the international lab Organization (ILO), yet they are difficult to uphold [15]. Companies can satisfy the employees' rising expectations for exploitation in emerging nations because they can find cheaper labor abroad.On the other side, a growing number of customers are putting pressure on firms to provide goods and services that are moral, environmentally friendly, and reasonably priced.This is among the most challenging negative effects of globalization for firms today.

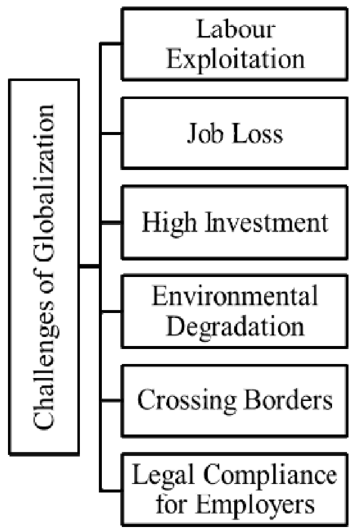


**Figure 3: illustrates the challenge of Globalization in which Major Socio-Political Problems that all Nations and Businesses must tackle.**

*2.2.2. Job loss:*

One of the most passionately debated negative effects of globalization is the loss of jobs, this is especially true in wealthy countries like the US, where so many services and untrained laborers have been exported to developing countries [15].Many locals have been forced to accept poor pay and harsh working conditions or even have lost their jobs as a result. Although the government has to protect local labor and promote business-friendly conditions, you must still think about how you want your firm to approach this problem.

*2.2.3. High Investment:*

Expansion internationally and on a global scale is typically quite an expensive endeavor, one of the most severe drawbacks of globalization is this.Due to this, businesses must invest a sizable portion of their resources into creating and implementing a successful globalization plan. It takes a tonne of time, money, and research to set up a business or presence abroad, pay taxes, hire employees, negotiate deals with new relationships, and comb through the consumer base. Not many firms, particularly small ones or those going worldwide, will feel more comfortable doing this.

*2.2.4. Environmental Degradation:*

Sadly, one of the bad effects of globalization is that the ecology suffers, and the underlying corporate operations harm the environment, notwithstanding the increasing flow of commodities and information to the populace.Global transportation systems and growing market demand lead to increased fuel consumption, which in turn increases carbon dioxide emissions. Commodities transported by vehicles, boats, and airplanes cause environmental damage and affect local ecosystems. As demand rises, output increases as well, requiring additional fuel and raw materials. It's interesting to note that while remote labor might help firms reduce their environmental expenses, it cannot alone address the environmental problem posed by globalization.

*2.2.5. Crossing Borders:*

For both people and corporations, taxes can become a headache, the tax authorities in each state or country have their own set of regulations about what taxes must be paid, when, someone that, and when. The possibility of a permanent establishment, which subjects your business to corporation tax liability, is one of the major factors that must be considered. To stop businesses from discovering ways to avoid paying corporation taxes, several provincial and global governments and organizations are now collaborating. It must do its research to comply with the law everywhere its company operates.

*2.2.6. Legal compliance for employers:*

Global employers inevitably also think about how to legally employ workers in the country in which they do business. The fact that every nation has its own labor rules is one drawback of globalization. This covers issues like working conditions, the kind and duration of paid time off, terminating rights, ownership of intellectual property, wages, benefits, and State Pensions.Users must be aware of the labor regulations of every nation where their employees are located to appropriately hire them. This is a significant administrative task that necessitates a careful and adaptable strategy.

*2.3. Globalization is Important for the Nation:*

Globalization has changed how nations, businesses, and people interact with one another, it specifically modifies the nature of international trade by promoting business, expanding global supply chains, and easing access to labor markets and raw materials. By changing how trade, money, and contact between nations occur, the spread of ideas across cultures is promoted. Geographical limitations, political barriers, and obstacles relating to political economics are all removed [7]. For instance, globalization enables businesses to utilize the information of another nation. Increased access changes how businesses communicate, run their supply chain operations, and manufacture their products. Businesses discover less costly labor, cheaper or perhaps more skilled raw resources and components, and more effective ways to create things.By lowering trade barriers, globalization expands economic opportunities. Increased trade promotes international competitiveness. This promotes imagination and, in some circumstances, information exchange. Furthermore, those who travel abroad for work or commerce bring their own culture with them, influencing and blending with other cultures.

## 3. CONCLUSION

The integration of the economy on a global scale is called globalization. It highlights the movement of intellectual, economic, and political factors across nations due to advances in connections, transportation, and infrastructure. Since the beginning of globalization, the free flow of goods and services, money, labor, and wealth across nations has increased dramatically. The effects of globalization can be either favorable or bad. In this study, the author discusses the various factors associated with globalization such as the global economic challenge, the challenges of globalization, and the importance of globalization for the nation. Globalization, as it is known in many parts of the world, is the result of the interaction of economic and cultural systems. This convergence fosters global cooperation, integration, and interdependence, which sometimes requires. The world becomes increasingly globalized as more nations and regions join together politically, culturally, and economically. In the future scope, Globalization boosts economic growth by boosting investment, productivity, and global competition strength as well as the amount of international commerce.

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# CHAPTER 15

# EXPLORING ECONOMIC EFFECTS OF DEMONETIZATION POLICY IN INDIAN SOCIETY AND ITS IMPORTANCE

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***ABSTRACT:Demonetization is the act of abolishing a currency division's legal tender validity. The current form or types of currency are removed from circulation as well as discarded, typically to be replaced by fresher banknotes or coins.This study investigated the consequences of demonetization on the expansion of many sectors of the economy that rely heavily on cash transactions. According to this study, demonetization had just a minimal impact on Gross Domestic Product (GDP) growth. Despite a little reduction, Gross Value Added is likely to rise in the next years. It began by having a negative impact on the manufacturing and service industries, generating downward pressure in sectors such as automobiles, consumer goods, and real estate. Later, as a consequence of Re-monetization and lower lending rates, the economy's growth increased due to an increase in personal expenditure, disposable income, as well as credit availability. The primary goal of this study is to investigate the economic effects of demonetization in Indian society and how it helps the growth of the nation. The finding shows that the process of demonetization reveals the black money which helps to increase the financial condition of the nation. This study concludes that the process of demonetization helps to prevent the circulation of black money in the market and lower the current banking system's interest rates and it also aids in the construction of a cashless society or formalizing the informal national economy in the coming days.***

***KEYWORDS: Black Money,Currencies, Cashless Economy, Demonetization, GDP.***

## 1. INTRODUCTION

The Indian economy is said to be rapidly expanding as well as a bright spot among the world's emerging markets. From the global perspective, India's numerous strengths include a larger population of young people, a rising middle class, rising literacy rates, as well as enhanced technical knowledge among the population, all of which would favor any radical change in the present setup [1]. On November 8, 2016, the prime minister of India declared Demonetization. This was determined that the 500 and 1000 rupee currencies would've been abolished, and that replacement different currencies of 500 and 2000 Rupee would've been released in their place.Demonetization, which intended to flush 'black market money stock' and counterfeit notes from the system and convert it into a licit, banked, and taxed element of the economy, rendered 86 percent of India's currency invalid. To mitigate the impact of the unanticipated financial catastrophe, the people were granted a 50-day grace period during which they may (ideally) exchange their canceled money for newly designed 500 and 2,000 Indian currency or deposit it in financial institutions [2].

Despite widespread distress and home disruptions, there was an optimistic feeling in favor of the judgment.In practically all commercial activity, India is primarily a cash transaction economy. True, any nation with a solid financial and banking infrastructure would be able to endure any financial-related crises [3]. India's banking system is fundamentally robust, and our banking system is properly built to handle any financial venture, in that sequence.The demonetization operation, which was implemented abruptly in India during the quarters (October-December 2016), harmed the performance of several industries in the following quarter (January-March 2017), while it had a favorable impact on the performance of others.

As a result, this paper will address topics connected to demonetization and its influence on different sectors of the Indian economy during the financial year 2016-17, notably before and after demonetization, and will analyze the experiences and effects of demonetization on the Indian economy [4], [5].

Owning wallets filled with the largest value of cash is like existence on top of the globe, but picture what will happen if the same currency is converted into ordinary blank paper all at once. A single such jerk was recently offered to Indian residents by the nation's Prime Minister (PM) [6]. As a bolt from the blue, Narendra Modi declared the scrapping of old high denomination currency on November 8, 2016. Prime Minister Modi's action is widely regarded as his most daring since taking office in 2014. With numerous innovative initiatives such as the Swatch Bharat campaign, Aadhaar card, bank account opening, yoga day, and many more, he set his administration apart from others, but the shift in currencies was a really surprising decision for the whole country. Many people's perceptions changed overnight, and the currency became worthless. The whole thing was kept under wraps for a long time. This expedition was led by a youthful group of researchers, and the whole operations were accomplished at PM's New Delhi home.

The procedure of losing a major currency's legal tender status is known as the cashless society.The procedure of removing as well as eliminating the present mode of payments from circulation is known as demonetization. It is an economic phenomenon that occurs when a nation's unit of currency no longer serves as legal currency. People regularly refer to currency units as real cash, including banknotes and coins. When a nation's currency unit is nullified, it diminishes and is no longer functional in day-to-day commerce. This form of money is also replaced with new notes or coins. At times, a country will completely replace its old currency with a newer one.Among the major advantages of demonetization is that it reduces tax avoidance [7]. The harsh penalty has the potential to radically reduce tax evasion. Any currency that is transferred or traded will be tracked by the relevant tax authorities [8].

As a consequence, a growing amount of people will be reluctant to participate in tax avoidance schemes. Property investment and the jeweler sector will always be on the agenda. Loan transactions will also be regularly reviewed. The IT staff would be more vigilant in preventing such misbehavior. Tax evasion might improve the Indian economy significantly. Increased tax money enables the government to implement social-benefit programs. Reduction in tax avoidance can lead to more clean money entering the economy. Long-term tax and interest rates are projected to reduce, as more income tax collections allow for reduced loan rates. Home loans with reduced interest rates may be available.

As per Credit Rating Information Services of India Limited (CRISIL), the administration's tax income collections, capability to spend on infrastructure upgrades, and development would all benefit as a consequence. Because government initiatives will increase, GDP will benefit in the long run. Increased income tax collections from improved compliance might enable long-term tax rate decreases, resulting in much more discretionary funds. This might have a long-term positive effect on customer demands. Creating a cashless society would be difficult initially because more than 50% of the Indian population is inexperienced with card purchases.Also, completing large monetary transactions in the first few months will be challenging. The demonetization-induced liquidity stress will be detrimental to industries that are heavily dependent on cash payments.

The present study focuses on the economic effects of demonetization on Indian society and its importance. This study is characterized into different sections in which the first section is an introductory part which shows the general introduction about the demonetization. After that, the section is the literature review which shows the reviews and suggestions of the literature in terms of demonetization. Furthermore, the discussion part is mentioned which discussed the importance and purpose of the demonetization. Lastly, the conclusion of this study is mentioned in which the authors provide the outcomes and suggestions of the present study.

## 2. LITERATURE REVIEW

Demonetization and its effects on Indian society are discussed by G. Mandala and A. Mohanty [9]. As per the authors, the government of India had announced the demonetization of all Rs. 500 as well as Rs. 1000 currencies from the Mahatma Gandhi generation on eighth November 2016. The authorities asserted that the move will reduce the black economy and put a stop to the use of illegal as well as black money to finance terrorism and illegal behavior. As per their study Demonetization was criticized by several experts, who believe that while it may temporarily lower criminal activity, it may not completely stop the flow of black money entering the economy. Their finding reveals that demonetization help to reduce the stock of black money. Their study concludes that it will be advantageous for the economy in terms of things like government income, a rise in savings, lower rates of interest on loans, as well as a decrease in price inflation, among other things.

R. Tiwari stated the influence of demonetization and its consequence on Indian civilization. As per the author, the government of India introduced this scheme to eradicate corruption from India, followed by reducing black money, managing inflation, halting the financing of terrorism, forcing citizens to pay their taxes, creating a cashless economy, and creating a digital India. The findings show that the government views the demonetization program as financial reform, however, this choice is complicated and has both benefits and drawbacks. The author’s study concludes that the effectiveness of the governmental and administrative infrastructure in reducing corruption will determine if demonetization is an accomplishment [10].

Effects of demonetization on the Indian stock market are stated by S. Chauhan and N. Kaushik [11]. As per the author’s study demonetization is the process of removing a monetary unit's legal currency validity. Reducing the amount of currency circulating in the nation, which is strongly attributable to corruption, is a strategy for dealing with black money throughout the Indian economy. Further, their study depicts that the market's numerous segments, such as real estate, construction, etc., that are supported by the black economy, are undoubtedly impacted by the market's large-scale withdrawal of funds. But as cash-driven industries are among the first to be impacted when a large amount of money is abruptly taken out of circulation, this government action has also had an impact on them. The results show that there is no discernible effect of demonetization on the share market, according to observations made by comparing the pre-and post-event timeframes. Their research conclude that demonetization had a shorter-lasting impact, but it quickly subsided.

In the above reviews, the literatures discussed the effects of demonization on the Indian economy and how it also affects the Indian stock market. All the literatures used several methods and mechanisms to examine the influence of demonetization. In the current study, the author discussed the influence of demonetization on Indian society and how it affects the nation’s financial growth. Further, the author mentioned how demonetization helps to reveal the nation’s black money.

## 3. DISCUSSION

The procedure by which a nation's currency lost its legal tender validity is known as demonetization. A currency unit is a unit of measurement for what is often considered actual money, which includes notes and coins. Whenever a nation's currency unit is demonetized, its value will decrease because it could no longer have been used to purchase goods and services. Demonetization can arise for a variety of financial reasons, including a transformation in the country's currency or the phase-out of older forms of money. Several countries have sought to demonetize national banknotes with varying degrees of success throughout time. Demonetization is a form of economic activity in which a nation changes its currency from one to the other. At the commencement of the demonetization operation, the existing money is taken out of existence and replaced with new currencies. People were given time to exchange their old banknotes and coins for the fresh stuff first before new money is publicly removed. When money is phasing out, it no longer serves as official currency as well as loses financial value.However, demonetization does not endanger everyone. Nobody who pays monthly taxable income should be anxious or rushed. People get their investment back in full worth through bank payments. They could buy the things with already-existing tax revenues.

Demonetization might take several different forms, such as a government issuing new currencies or coins, or issuing a whole new type of money. Currency devaluation, on either hand, is a drastic move that occurs only on rare occasions and can cause societal instability if done incorrectly [12].Demonetization is the process by which a government chooses whether or not to reinstate deceased currencies as legal money. The Indian government began demonetizing all Mahatma Gandhi Series 500 as well as 1000 currencies on November 8, 2016. It also called for the creation of new 500 as well as 2,000 banknotes to accommodate for the demonetization of currencies. Prime Minister Narendra Modi tried to argue that the action will indeed decrease the use of unauthorized and counterfeit currencies to fund unauthorized movement and radicalization by reducing the black economy, increasing contactless payment, and reducing the use of prohibited substances and fake cash to fund unlawful behavior as well as terrorist acts. The government has its different perspectives on the process of demonetization, the major purpose of the government with demonetization is shown in Figure 1.

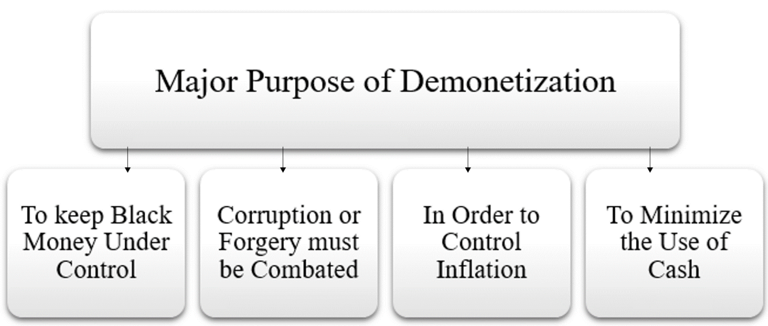


**Figure 1: Representing the major purpose of government through Demonetization.**

*3.1. Indian Scenario:*

On November 8, 2016, the Indian government announced the abolition of two of the country's biggest currency denominations, the Rs 500 and Rs 1000 notes.These currencies of 500 and 1000 accounted for about an 86percent of total money issuance in circulation it is approximately 16.6 lakh crore. PM Narendra Modi suggested this measure to address several crucial issues in the nation, including, among other things, decreasing the worth of fake notes to zero, developing a cashless society, preventing terrorist funding, removing black money, and restricting tax fraud. People were forced to exchange these two currencies at banks, and consumer bank accounts would disclose people's genuine economic situation.

Some experts feel that India's currency devaluation was way overdue and necessary. However, how demonetization was implemented in the economy resulted in full and immediate financial instability in the country. The country is still unsure if this move would be useful or destructive to the country. People were excited about currency depreciation in the beginning, with around 51% supporting the choice. People are increasingly dissatisfied as fresh currency scams surface and bank wait times continue to climb. Indians tend to be discouraged as a result of demonetization. There have been several frauds concerning about 300 crores to 400 crores of fresh money that have disappointed regular folks who had been waiting in long queues with optimistic eyes on the government [13].

*3.2. Cashless Economy:*

The transition to a cashless society is a worldwide issue, with several countries on the verge of doing so. In a cashless society, money transfers do not take the form of currency notes, coins, or actual cash. Throughout the barter era, digital payments and alternate types of exchange, such as food crops or other products, were common [14]–[16].In the cashless society, new concepts of digital payments are being created with the use of digital currencies, in which national currency (money) is only exchanged as well as registered digitally. Digital transactions bring with them a plethora of new difficulties and possibilities. (Because the Indian populace uses cash for 98 % of all monetary activities as of the 23rd of November 2016, many cash transactions in the country are tiny trades for goods or services. There is an insufficient post-terminal invasion. Millions of inhabitants continue to lack a savings account, the online platform, as well as connectivity, is poor, and several people are unsure how to use payment methods.These are several issues that should be solved in the nation, especially in smaller cities, rural areas, and untapped marketplaces in urban India, and individuals must guarantee that their payment methods are digitalized. As a consequence of the deployment of digital payments, the Indian government chose to transition to a cashless economy. India has already implemented various payment methods, such as Ola money as well as PayTM accounts to pay rentals via internet banking, and the Indian government has opted to execute demonetization (2016), which would conclude in the withdrawal of all 500 and 1000 banknotes as the legal currency of the nation.This step was taken to reduce the quantity of "black money" flowing into the country, as well as the difficulties which accompany it. India is rapidly approaching a digital economy, but the transition to a digital or low-cash society may take some years.

Electronic-based transactions are intended to improve and modernize India's payment system. The major purpose of the program is to move the economy away from cash and toward a cashless society. A modern and effective payment system is a crucial development and growth enabler. The method also aims to boost the effectiveness of the monetary policy, control inflation, and maintain a stable price system. With a cash to GDP ratio of 11.40 percent, India is among the greatest in the world.This was 9.53% in China and 5% in Brazil. Furthermore, India has significantly more banknotes in circulation than other large countries; in 2012-13, India had 76.47 billion currency notes in circulation, compared to 43.50 billion in the US [17]. The administration has also created an Aadhar-based payment network for people not having access to cards as well as mobile phones. It is desirable to lessen India's reliance on money for a variety of reasons. To regulate counterfeit notes that may contribute to terrorism, as well as to impact our country's monetary policy and to remove black money, hawala transactions cannot be done without paper cash, thereby curbing unlawful operations. Because a big portion of black money is created through unlawful trades such as selling drugs, illegal trade may become impossible without cash or with less cash.

The cashless economy is characterized as one in which it is little or no cash movement in civilization and most purchases are made through digital media.It doesn't suggest that payment processes are completely lacking in the economy, but rather that the amount of cash-based exchanges is kept to a minimum level. It's a form of economic system in which transactions aren't done primarily for the exchange of money. It is also not a business model in which goods and services are exchanged for products as well as services.It is a commercial environment wherein items and services are acquired and paid for via the use of digital media. It is characterized as "something where there were no transactional frictions that might have been eased by using excess cash, providing a motivation to preserve such account balance even when they produce a profit" (Woodford, 2003). Money will continue to be used to purchase goods and services soon, hence a cashless economy does not suggest that currencies will be completely faded away [18]. There are several cashless payment methods, which are shown below in Figure 2.

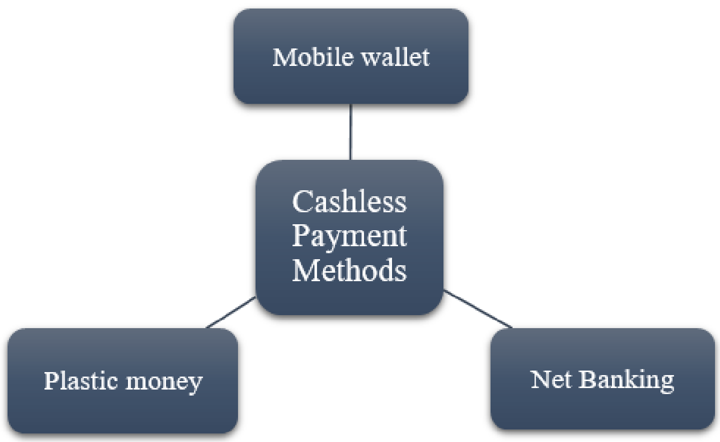


**Figure 2: Illustrating the Several sorts of Cashless Payment Methods People Can use to Bring and Sell any Goods.**

*3.2.1. Mobile wallet:*

It's essentially a digital wallet that you can use on your cellphone.People should store money on their smartphones and then use it to make purchases goods both online as well as offline. Such digital wallets may be obtained from several service-providing companies through mobile apps that should be downloaded to the smartphone. You may use a credit/debit card or Online banking to deposit money into these wallets online.This implies you won't have to input your credit card details every time you use the wallets to pay a bill or create an online transaction. These could be used to pay bills and make online purchases. A mobile wallet is a device that allows you to store digital currency on your phone. To make online purchases, the mobile wallet application may be used to attach credit or debit card information. Using a cellphone, tablet, or smartwatch instead of a credit card is an option. An individual's accounts must be registered with the wallets to put money into them. Most banks, as well as certain private firms, provide electronic wallets. Airtel money, Mobikwik, Jio money, Paytm, SBI buddy, its cash, axis bank lime, ICICI pockets, fast pay, and so on are just a few examples.

*3.2.2. Plastic money:*

All types of credit and debit, including prepaid debit cards, are accepted. The latter might be physical or digital, and banks or non-banks can provide it.These may be purchased and renewed digitally using internet banking, and they could be used to create digital or in-store transactions, or they can be distributed as presents. Cash transactions via Automated Tylor Machines (ATMs), online banking, and swiping for purchases or payments at point-of-sale machines at merchant outlets such as shops, restaurants, and petrol stations are the three major uses for cards.

*3.2.3. Net Banking:*

It is a method of transferring online money from one bank account to the other, a credit card, or a linked party that does not require the usage of wallets. People may accomplish it using a computer or mobile phone [19]. Log into your bank account online then transfer cash using a low-cost transaction method such as National Electronic Funds Transfer (NEFT), Real-Time Gross Settlements (RTGS), or Immediate Payments Service (IMPS).

*3.3. Benefits of Demonetization on Indian economy:*

Demonetization or Currency devaluation is the term used to describe the process of removing a currency system from its legal status as a vehicle for settling publicly or privately debts.It happens every time the national currency changes. Existing kinds of money are removed from circulation and canceled.This existing money is often changed with fresh coins as well as currency notes. Sometimes a nation entirely exchanges its old currency with newly produced currency. With the help of demonetization, it introduces several positive impacts on the nation's economy as illustrated in Figure 3.

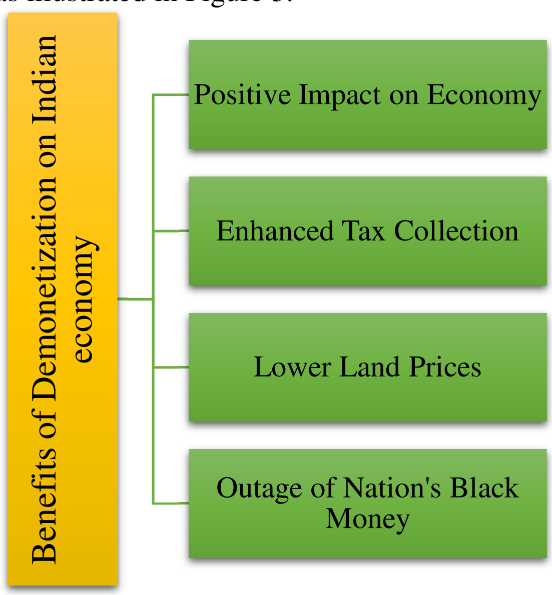


**Figure 3: Demonstrating the Several Economic Benefits of the Indian Economy with the Help of Demonetization.**

*3.3.1. Positive impact on economy:*

Many of our country's woes, such as poverty, are mostly due to hidden funds.As per Finance Minister Arun Jaitley, currency devaluation will have far-reaching benefits for the economy, especially on GDP. Because of the large number of deposits as well as the movement of legal money in the economy, banks may lend additional funds to the agricultural and public dimensions at cheap interest rates.Money hidden in many corporations will enter the financial sector, as well as financiers will be empowered to use it to stimulate economic growth to develop. As banks deal with significantly more cash, loan interest rates will decline. Moreover, money put in banks would be copied numerous times by the financial sectors, having far-reaching positive effects on the country's socioeconomic development.

*3.3.2. Enhanced Tax collection:*

Demonetization will provide the Indian economy with yet another source of tax money.All cash should be deposited with the banking system due to the advent of new currency. According to the Reserve Bank of India, there are more than 12 lakh crores in cash in circulations, of which 3 lakh crores will never be retrieved since it is linked to so many other assets.The cash placed in banking, on the other side, would provide the government with a significant amount of money (almost 2 lakh crores) in the form of tax payments. As a result, willful tax dodgers, as well as debtors, could be able to get back on the path.

*3.3.3. Lower land prices:*

Property prices are expected to fall by 30 to 40 percent. Property is one of those investment areas where the majority of illicit or black cash is stashed. Expenses will be reduced to the most economical levels. If proper registration paperwork is retained, this organization will be legalized. Other government initiatives, such as the services and commodities taxes, the Benami Transactions Amendment Act, as well as others, will aid in the development of the real estate sector. Many individuals support the activity since it tries to eliminate a variety of societal issues. There is, unfortunately, a darker aspect to the story. The negative implications of the demonetization campaign should not be overlooked.

*3.4. Drawbacks of Demonetization on Indian economy:*

Since demonetization mainly targets the currency elements of current black monies, it only achieves half of the purpose and it’s not only aiming at the fundamental sectors that create black income, such as corruption and tax evasion. As a result, demonetization has a shadow side, some of which is obvious and part of which is still obscure. The following are a few of the negative consequences of the demonetization procedure:

*3.4.1. Public Trouble:*

The nation is under a state of emergency as a consequence of massive lineups building outside banks and ATMs lasting days and hours. Even though the government as well as RBI have frequently assured residents that plenty of cash will be distributed, it is unsurprising that they all come back home having empty pockets.The Prime Minister said that the issues of long lines would just be remedied quickly, yet millions of citizens still are waiting in queues to withdraw their earned cash one month afterward the demonetization was announced. It is immoral to abuse individuals who wait in queues as well as return with empty wallets.

*3.4.2. Effect on Laborers:*

Laborers' incomes have suffered as a result of demonetization. That is the bottom of the operating hierarchy. They live on subsistence wages and routinely do cash transactions. They are not compensated for their efforts. A few of the factory owners have released the workers, promising that they would be called back once the disturbing economic situation has normalized. Farmers appeared unable to sell their products in the marketplaces because no cash is being exchanged. Another difficulty this class experienced was standing in long queues at banks to convert a small amount of money, which resulted in the loss of a day's pay.

*3.4.3. Effects on GDP:*

The informal sector of the Indian economy has been hit the worst. This industry accounts for roughly 40% of the country's GDP. According to estimations, the demonetization step will impede the nation's economy by 0.5 percent in 6 months leading up to the finish of March 2017. It indicates that the full-year Gross Domestic Product (GDP) will be 3.5 percent, compared to the 6.8 percent expected for the year. In the near term, demonetization appears to be beneficial. However, certain truths are truly eye-opening. According to a Fitch analysis, the financial sector's benefits from demonetization would be short-lived. Due to the slowing of Gross Domestic Product (GDP) growth, these gains in the form of tax income may soon be lost. This rating agency has also anticipated that this action will have a detrimental influence on the Banking sector in India.

*3.5. Black money:*

The demonetization of bigger denomination notes is one of the most recent moves the government has taken to tackle black money. Demonetization is a severe economic activity in which a currency unit is declared unlawful tender. This is frequently done if a nation's native currency is altered. On the fourth anniversary of demonetization, Prime Minister Narendra Modi declared that the measure helped eliminate illegal money, improve tax collection, as well as formalize the market.Black money is believed to be worth Rs 3 lakh crore of the total cash in circulation in the country. Black money is nothing other than a form of treason against the government. Black money players operate a parallel economy that challenges the foundations of the Indian economy. With the demonetization plan, all domestic black money will be either transferred into financial institutions at a high penalty or destroyed completely.

## 4. CONCLUSION

Demonetization has both advantages and disadvantages. It might also be claimed that the government of India has taken a historical step that should be embraced by the people of the country. It will have a positive impact on the capital market in the coming years. This move may cause some falls in sectors such as jewelry, consumer durables, currency objects, as well as real estate. It may be a milestone to enhance the taxation system, the comprehensive eradication of fake currency, as well as sustainable economic growth.It also contributes to the development of a cashless society and the formalization of the unorganized national economy. The action appears to be a significant stride forward for the Modi administration's efforts to combat tax fraud and corruption. This study investigates the influence of demonetization on the growth of many sectors of the economy that rely heavily on cash transactions. According to research, demonetization had just a minimal impact on GDP growth. As a result, demonetization helped to reduce the stock of black money and the government views the demonetization program as financial reform. Demonetization might assist to restrict the movement of black money in the market as well as cutting future interest rates in the financial system.

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# CHAPTER 16

# A COMPARATIVE STUDY ON THE TRADITIONAL AND MODERN TRADING SYSTEM

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***ABSTRACT:A trading system is a set of rules that provide buy and sell signals without any ambiguity or subjective elements. These signals are mostly generated from a combination of technical indicators. The problem in the traditional trading system is it isolates the inhabitants of that economy, provides few options, lowers the general quality of life, allows powerful outside economies to overcome traditional economies, and makes survival questionable. In this paper, the author focuses on the comparison between the traditional and modern trading systems. It was found that the modern trading system gives an advantage over traditional trading becauseit possesses smartphone technology, limited-time delivery, scale economies, a substantial customer base, positive customer relationships, and cash flow. It concludes thattraditional trade still has tremendous value, while modern trading gives clients additional options and ease in every manner. In the future, trading professionals from all around the world are having to swiftly adjust to automation, developing technology, and the requirement to show the finest performance.***

***KEYWORDS: Business, Investment, Traditional Trading, Services, Modern Trading System.***

## 1. INTRODUCTION

A trading system is a set of guidelines that may be based on fundamental research or technical indications. A trading system provides instructions on when and also how to trade as shown in Table 1. Trading systems serve as the general guidelines for trading in various ways. A trading strategy can be straightforward or complex, and it may take into account factors like investment style, such as price vs expansion, current value, technical analysis, fundamental and technical, type of industry, and level of diversification, as well as tolerance for risk, leverage, tax implications, time horizon or investment horizon, and other factors.The most important thing is that a trading strategy is chosen and meticulously followed by utilizing objective data and research. A trading strategy should also be frequently reviewed and updated when market circumstances or personal objectives change.

**Table 1: Illustrates the Four Types of Trading System which Depends on the Time Frame and Duration of the Trade** [1]**.**

| Sl. No. | Trading categories | Time structure | Period of trading |
|---|---|---|---|
| 1. | Position Trading | Long-Term | Weeks, Months, Years |
| 2. | Scalping Trading | Short-Term | Even in Minutes or Seconds |
| 3. | Day Trading | Short-Term | 1-day max-Do does not Hold Positions Overnight |
| 4. | Swing Trading | Medium-Term | Several days, sometimes weeks |

### *1.1. Scalping Trading System:*

Scalping, wherein the traders only hold positions available for a few minutes at the most, is the shortest-term style of trading. These day-to-day trades seek to profit on minute price fluctuations. Every trading session involves a massive number of transactions, therefore the objective is to perform a huge number of quick trades with extremely low-profit margins yet enable gains to accumulate over the day [1], [2]. Tight spreads, as well as a liquid market, are necessary for this kind of trading.They are only traded during the busy periods of the market day when trading hours overlap so there is a huge number of activity and frequent volatility. Since they enter the market so often, scalpers seek the narrowest margins because they will likely benefit from doing so.The hectic trading environment of seeking to scalp some few pips as regularly as they can even during the trading session be stressful for many traders considering that they must monitor for several hours. It would have taken time, due to the potential for highly extensive scalping, scalpers frequently trade any one-second pair.

*1.2. Swing Trading System*:

Swing traders often maintain positions for a few days, albeit occasionally for as prolonged as a few weeks, as opposed to day traders who hold for less than a day time. Since positions are maintained for a certain amount of time, traders do not need to spend the whole day hunched over charts watching their trades to spot short-term market movements [3],[4]. This makes it a well-liked trading strategy for people who desire to trade in their spare time but have other obligations, such as full-time employment. The markets still need to be studied for a few hours each day, though. Trend, counter-trend, momentum, and breakout trading tactics are employed by swing traders as well as certain day traders.

*1.3. Position Trading System*:

It concentrates on long-term price fluctuations and seeks to earn as much as possible from significant price movements. Because of this, trade generally lasts for a few months and years, it will analyze the markets using weekly market prices, combining technical displays with the fundamental investigation to discover suitable entry and leaving points. A trader who keeps investment for a long time is referred to as a position trader. Positions might be kept on average for months or even years, as was already noted.Most position traders don't trade actively, and long-term traders who maintain their position for the duration of buy-and-hold cycles eventually overcome them. When making judgments, position traders often combine technical analysis with fundamental research, but they also consider other aspects including market trends and historical patterns. Position traders who really can correctly pinpoint the ideal entry and exit points and are aware of when to set stop-loss orders are considered to be good trading.

*1.4. Day Trading System:*

It may be an option for people who do not feel relaxed with the rigors of scalping yet do not need to hold overnight.Unlike swing and position traders, day traders begin and finish their position the same day, which reduces the risk of any substantial overnight changes. After the day, investors closed out their investment with that kind of a profit or loss. Because trades can last minutes or hours, there must be enough time to thoroughly research the markets and keep an eye on positions all day long. Day traders, like scalpers, rely on regular, tiny earnings to turn a profit.

*1.5. History of Trading System:*

For as long as there has been an agricultural revolution, trade has existed, with different communities doing business in different ways. Mainly because separate human settlements prevented their consolidation into a coherent system. The gift economy, an early type of trade, involved the exchange of goods and services, now or in the future, without requiring an explicit understanding of rewards [5], [6]. In a gift economy, goods are exchanged without the need for cash. Modern business negotiations frequently involve a means of exchange like money. Therefore, it is possible to distinguish between purchases and sales, or earnings. The development of money, credit cards, paper money, and virtual currency significantly facilitated and encouraged commerce.Bilateral trade is trade between two traders, whereas multilateral commerce is a trade involving over two dealers. According to a contemporary perspective, commerce arises as a result of specialization and the division of labor, a key kind of economic growth in which people and groups concentrate on a specific area of production but exchange their output for goods and services of other kinds. Trade between regions happens because various locations could have a competitive advantage perceived or actual in the production of some marketable good in which production of natural resources is restricted or rare elsewhere.For instance: Different areas' sizes may promote mass production [7], [8].

Trading at market rates between the two sites may be advantageous in certain cases. Different merchants may specialize in trading certain items; for instance, both the grain and spice trades historically played significant roles in the growth of a worldwide, multinational economy. Retail trade refers to the selling of products or items in small or individual lots for the buyer's immediate consumption or use from a fairly single position, such as a clothing retailer, boutique, or kiosk, online or by mail.Wholesale trade refers to the movement of products supplied to retailers, industrial, professional, educational, or other business customers, as well as other wholesalers and closely connected auxiliary services.

The present paper is a study about a trading framework that is a combination of guidelines that generate buy and sell signals objectively and without any ambiguity. The majority of these indications are produced by technical analysis or a combination of indicators. This study is divided into several sections, the first of which is an introduction, followed by a review of the literature and suggestions based on past research. The next section is the discussion and the final section is the conclusion of this paper which is declared and gives the result as well as the future scope.

## 2. LITERATURE REVIEW

Made Ayunia Kesuma and Nyoman Djinar Setiawina [9] have explained the impact of traditional merchant booths being moved in opposition to the city of Denpasar's growing number of minimarkets. The population of South Denpasar's traditional booths in 4 and 5 villages is the study's main focus. The author states that the population utilized for conventional businesses is divided into areas with a population of merchants and minimarkets. There are 177 traditional stores in Denpasar. According to the results, the business's location, operating hours, and financial impact on Denpasar's conventional store sellers are all favorable and considerable. To preserve shop merchants' survival and prevent a decline in their economic welfare, it was deemed that socialization from the government was also necessary.

Andreas Jungherr [10] et al. have explained sentiments toward particular trade agreements as well as attitudes concerning the idea of free trade, treating the two things as being interchangeable. The study's major goal is to develop an attitude development model for certain trade agreements that takes the sociological environment into account as a fundamental component. To understand German voters' opinions about free trade as well as the Transatlantic Trade and Investment Partnership (TTIP), the author has contrasted a contextual model with a standard model. The usual model does well in understanding community opinion on the free trade concept, but it is less helpful in interpreting opinions about the Trans-Pacific Partnership (TTIP). It concluded that views about the partner of the proposed agreement were one of the main factors influencing attitudes toward TTIP.

Muneeb Ul Hassan [11] et al. have explained thatsome renewable resources that can generate their electrical power are being installed in smart connected homes. The author claims that research's primary objective must be to create the best trading techniques, and many modern technologies are also being employed in conjunction with microgrids. According to the author's method, no attacker will be able to confidently deduce any participant's data using blockchain technologies that employ differential privacy. According to experimental evaluations, the Vickrey-Clarke-Groves (VCG) method is outperformed by the differentially private Energy Auctions for blockchain-based isolated micro grids by offering maximal income and improving utility and net benefit to a suitable level. It concludes thatMicrogrids create more energy than is necessary and exchange the extra energy to make money.

Wen Long [12] et al. have purposed a multi-filters neural network (MFNN), a brand-new end-to-end model created exclusively for extracting features on time series analysis sampling and price movement prediction job. According to the author,Deep learning models have been found to perform better on prediction tasks than traditional machine learning and statistical methods. Extreme market forecast was categorized using feature maps created by many filters. According to the results, the MFNN surpassed the top based on machine learning methods by 11.47 percent and 19.75 percent, respectively. It was found that the degree of integration has an impact on the risk, stability, and efficiency of technical indicators.

John Van Reenen [13] has explained thatgetting inside the macro-economy frequently necessitates comprehending the wide range of business experience. The article implies that these discrepancies are mostly the result of heterogeneous productivity, which is based on managerial and technological skills that are difficult for enterprises to interchange. According to the results, there are now more disparities between businesses in terms of their relative revenues, productivity, and wages in the United States and many other developed nations. It concludes that while growing inequalities are most pronounced in terms of size, they are also perceptible in terms of pay and productivity. Sales specialization has mushroomed throughout many industries.

The above study shows sentiments toward particular trade agreements as well as attitudes toward the idea of free trade, treating the two things as being interchangeable as well as MFNN in which a brand-new end-to-end model was created exclusively for extracting features on time series analysis sampling and price movement prediction job. In this study, the author discussed the comparison between the modern trading system and the traditional trading system.

## 3. DISCUSSION

Two fundamental trading styles, types, or even approaches are traditional trading and contemporary trading. Despite the differences in several ways and their general functional differences, these two business models are closely related. The most prevalent kind of commerce and trade that has existed continuously since the dawn of the organized human world is the trade of goods and products. Old-aged Homo sapiens exchanged wanted commodities and services with one another to meet each other's wants even in prehistoric times.A person who is currently in possession of a certain commodity, such as some vegetables, swaps it for a service or another beneficial good like security or medication. The conventional trading system was born from that thing. A kind of trade where a single proprietor sells goods to local customers from a small stock that they possess. Customers occasionally visit the store to purchase the goods they want. A trading system like this has been in use for ages. In the conventional trade system, a given outlet or storefront has a small selection of goods and an inadequate inventory.The conventional business system gave way to the contemporary business system with the onset of globalization, resulting in the emergence of massive brand shops, chains, and franchises. They provide several discounts on purchases and a large range of items all under one roof. There are two types of trading systems used in the marketing of goods and services traditional and modern systems.

*3.1.Traditional Trade System:*

All forms of traditional trading, from entry-level to high-level trading, are included, the contemporary trading system, which is gaining popularity globally, was established as a result. A traditional trade or trading system is a type of straightforward retail trade where items and things are typically sold at retail outlets by the owner. Traditional trade has a smaller amount of stock and inventory, while the range of items is less varied than in modern industry. When a consumer or client needs to make a purchase, they visit a retail establishment and specify the item they want to purchase. The shopkeeper then selects the item, packs it, and gives the customer the item for the maximum retail price (MRP).Seems to be in the industry in which no client makes any promotional reservations for any type of future inventory purely based on the availability of current supply. Depending on the season and the need, products and items are in great demand. For instance, during test season, there is a significant demand for merchandise in a stationary retail business. The lead time is brief, precise, and straightforward. When a consumer needs goods immediately, he just visits the merchant and makes the purchase. Contrary to contemporary company franchises, relatively few historic trade stores prioritize product delivery on time.The customer often pays the price on the spot upon purchasing a specific product, making the operating cash cycle in a traditional company quick and immediate. A book or stationery store next to the school that is owned and managed by the owner, a candy store that solely sells sweets, chocolates, gum, and other similar items, and a flower shop that is owned and run by the proprietors are examples of traditional commerce.

*3.2. Modern Trading System:*

All upscale, large-scale, chain, and retail franchises offer access to a wide variety of different product types, along with a large on-site inventory. The introduction and exposure of the contemporary trading system fundamentally altered the idea and perception of trading as a whole. Modern trade is used to describe the simplicity, quickness, and convenience of doing business. One of the largest innovations in commerce and business is the 24/7 accessibility of commodities from any part of the world. The amount of unreliability in modern business is unimaginablelarge Kirana shops, which house a variety of goods under one roof, were the first step in the process. This was followed by the introduction of the supermarket, the pick-and-choose idea, and the ability to pay with a variety of credit options, including cash on delivery. The idea of product home delivery is only one of many things that, over time, built a solid basis for the contemporary company. This contemporary invention made it possible to establish large-scale businesses and opened up numerous doors to the current trade system. In today's industry, there is a steady demand for items and a set lead time.This approach places a strong emphasis on prompt delivery and product accessibility for the customers. Even though cash rotational is not as quick as traditional trading, it does result in long-term benefits and profits. Contrary to the MRP in conventional trade, the current trading system, with the aid of narrow margins and sponsorship deals, permits a range of discounted and sales promotions. The contemporary trading system is an example.With a huge amount and stock with online e-commerce shops, many goods and services are available as cash on delivery everywhere in the world. A supermarket chain run by hundreds of staff members offers a diverse range of products. It also runs a chain of dispensaries with branches throughout the country and states and provides home delivery services.

*3.3.The Comparison Between the Traditional Trade and Modern Trade*:

Even with all the difficulties, complexity, and financial repercussions, businesses are reevaluating old business practices. Even if the stylish industry is continually expanding, mom-and-pop stores still have a lot to offer. Customers of micro-merchants receive a special value offer. They cannot compete directly with the majority of contemporary shops, but they can compete in many areas thanks to their intimate ties to clients. Table 2 shows the comparison between traditional trade and modern trade.

**Table 2: Illustrates the Comparison between Traditional Trade as well as Modern trade that the Demands of Traditional Trade are Seasonal while the Demands of Modern Trade are Consistent** [14].

| Sl. | Related Issue | Modern Trade | Traditional Trade |
|---|---|---|---|
| 1. | Technology | Electronic data exchange, vendor management inventories, and originality point-of-sale (POS) scanning. | Smartphones, mobile phones, and older technologies like personal computers. |
| 2. | Lead Times | Longer but more structured. | Shorter to manage cash flow. |
| 3. | Deliver | Deliver to designated retailers or warehouses on schedule. | Deliver to a more flexible, tailored shop on time. |
| 4. | Procurement | Purchasing directly from manufacturers These sales teams are required to offer specific information, such as sales, pack contributions, and trends, for purchasing that is primarily centralized. | The majority purchase goods, yet purchasing choices for the same store are made by middlemen like distributors and wholesalers. The choice to buy is made by the owner or manager. |
| 5. | Financial Flow | Increased bank transfers and credit cycle length. | Customers are frequently given loans based on a relationship with cash and short loan cycles. |
| 6. | Promotion | Provide continuous, centralized marketing campaigns. | Some discounts are negotiated with the business owner or management. |
| 7. | Economies of Scale | Retailers may choose to absorb the expense by frequently selling items as loss leaders or providing special offers to encourage sales. | The goods are often exchanged at its MRP. |
| 8. | Brand and Pack Listing | When clearance may be gained, lengthy, intricate processes, submissions, and paperwork may be necessary. | There is no need to haggle with the owner. |
| 9. | Customer Base | A huge consumer base with a service region that may include thousands of clients. | Serves the bulk of the local population and area. |
| 10. | Decision Maker | Making decisions at several levels takes time, both in the | One decision-maker, frequently the management or the owner. |

| | | | |
|---|---|---|---|
| | | central office and occasionally in other divisions. | |
| 11. | Profile | Chains with several locations that have investors are controlled by a skilled management group. | Usually, a business is operated by an owner, a family, or staff members. |
| 12. | Relationship with Customer | Limited interpersonal connections. | Pay attention to the communication between customers and merchants. |
| 13. | Location | Often in busy, well-chosen locations. | Everywhere, although some in crowded regions and little streets. |
| 14. | Merchandising Equipment | Specialist equipment is necessary The availability of several point devices for product displays or cross-promotion calls for close coordination with numerous stakeholders. | Standard apparatus, such as Coolers are frequently used to keep personal commodities like milk and butter because of the lack of room for rack equipment. |
| 15. | Product Range | A huge selection with a lot of goods. | Hundreds of mostly limited-range items. |
| 16. | Demand | Tenacious demand | More Seasonal - Halt sales of specific items in the off-season. |
| 17. | Out of Stock | Has less in common with more effective inventory control. | Depending on what is available at the wholesale or distributor level, more generic and alternative brands. |

### *3.4. Benefits of Modern Trade over Traditional Trade:*

The availability of a wide range of alternatives, as Indian consumers become almost completely worldwide in their own right, would benefit the consumer. Similar to their Western counterparts in terms of thoughts, interests, and orientation. Indian consumers' lifestyles are being shaped by a variety of factors, including their access to print, TV, and cinema media, Network connectivity, and the opportunity to go overseas for work and recreation.Shopping habits and consumer mentality.Indians, who like to save money, are trying to take advantage of rising salaries and are often restricting lifestyle purchases. Consumers are becoming more prepared and able to spend money on international, fashionable, and current goods, which encourages them to buy products in the mass, high value, and luxury segments. Today's transactions lead to greater serviceability of food and non-food goods, equality in the range of living standards available to consumers across nations, reasonableness, consolidation of prices, increased availability of alternatives in goods and services, and zero-to-waste Leads to tolerance and incompetence. Because the buyer will not be able to bear the cost of substandard goods and ineffectiveness etc.

A much more planned and coordinated technique for logistics and distribution management is required in the modern trade. The bigger actors in contemporary trade include big supermarkets, mini-markets, hypermarkets, etc. A trading system's main goals are to reduce risk and improve profitability in any market condition. By adjusting the many parameters inside each rule of the system, optimum levels of risk and return are achieved. This entails the consolidation of demand over a wide variety of products. The foundation of traditional trade is the interpersonal relationships between consumers and merchants. Traditional trade is less organized than contemporary trade, which increases the likelihood that supply may run out or that clients would be offered substitute products.

## 4. CONCLUSION

The exchange of products and services is known as trade, whereas contemporary business is handled by a model branch network, traditional business is a business entity operated by small-scale retailers. Additionally, contemporary commerce tends to have economies of scale compared to traditional trade, which has a much smaller economy of scale. The fact that both the companies operate globally and cater to the end users of the product is the most attractive aspect. Traditional businesses are neighborhood MRP stores that have a specific type of limited inventory. Modern trade, on the other hand, is the producer of goods, nationally or globally, which offers a greater range of goods, a larger inventory, and faster access to warehouse inventory. While traditional trading still has a lot of value compared to the quick purchase of physically separate things, modern trading offers buyers more choice and convenience in every aspect. The psychology of people also matters a lot when choosing a store. It is also important to note that customers prefer to shop locally if everything they need is available there. In addition, a business provides credit to its loyal consumers, among other benefits. It concluded that contemporary commerce is preferable to traditional trade due to the increasing number of existing company forms that provide a combination of food and non-food items to consumers. Consumers have lots of options for growing goods in a variety of market segments, including fast-growing consumer goods, clothing, footwear, as well as private label. In the future, humans and machines working together, not competing, will be the foundation of business. Merchants everywhere are adopting rapidly evolving technology like artificial intelligence, moving towards automation, and doing their best.

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# CHAPTER 17

# ANALYSIS OF HIGH-QUALITY ECONOMIC DEVELOPMENT IN THE INDIAN ECONOMIC ZONE

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***ABSTRACT:** The government has designated some locations as Special Economic Zones (SEZ) or SE zone to promote business there.A special economic zone (SEZ) is a portion of a nation that has distinct economic rules from other parts of the same nation. Foreign direct investment is often encouraged by and attracted by the SEZ economic policies. Any investment made by a company or person into commercial interests situated in another nation is referred to as an FDI. In this paper, the author discussed the SEZ that primarily focuses on offering tax exemptions to private businesses operating in SE Zone locations. The results show granting tax exemptions aims to promote private sector investment that will boost the economy by fostering job growth and company development. In this paper after many literature reviews, the author concludes that SEZ offers tax relief in several areas, boosting the organization's profitability while facilitating a simple setup process and quick operations. Many SE Zone developments around the nation have created jobs for both educated and uneducated young people. In the future, this paper shows the potential of progress this paper gives up possibilities for determining how S-E-Z has affected various industrial sectors in India's economy.*

***KEYWORDS:** Business, Development,Economic, Private, Special Economic Zone (SEZ).*

## 1. INTRODUCTION

The government of our nation has designated some places as Special Economic Zones, wherein private businesses who invest intending to generate jobs may benefit from tax breaks. Therefore, the establishment of the SE zone is intended to promote commerce boost business and expand the exchange of goods at the national and international levels. On January 1st, 1965, the first free trading zone was established at the Kandla Port in Kutch, Gujarat [1]–[3]. Figure 1 embellishes the different numbers of economic zones and their rate of development.

**Figure 1: Embellish the different numbers of economic zones and their rate of development** [4]**.**

Many special (S) Economic Zones (EZ) have been granted nationwide in the previous two to three decades and are being developed by the private sector at a very fast rate. In the end, Special E Z's quick development led to more commerce, and more jobs across all industries, and contributed to the growth of the country. Table 1 lists the few Special Economic Zones that are now in existence in all of India's states [5], [6]. The advantages that the private sector entity received from its investment in the Special Economic Zone include:

- Tax exemptions in a variety of categories
- If the company buys supplies, money, and other products in the domestic market.
- Relaxation of labor restrictions.
- Exemption from several taxes, including income tax, import tax, sales tax, dividend distribution tax, and modest alternative tax.
- Simple procedure, whether online or through the development of a single window,
- Relaxation of regulations.
- Flexible regulations for exporting goods
- The organization is permitted to keep all profits earned, the central sales tax paid on domestic purchases is repaid, and environmental regulations are not relevant [7]–[9].

Few Operational Special Economic Zones across different states of India include:

**Table 1: Provides the list of a few operational Special Economic Zones across all states of India**

| **State** | **Special Economic Zone, location** | **Industry** |
|---|---|---|
| **Andhra-Pradesh** | Vishakhapatnam SEZone, Vishakhapatnam | Various products |
| | Divi Labs Ltd., Vishakhapatnam | Pharma |
| | Andhra Pradesh Industrial Infrastructure Corporation (APIIC) Ltd. Madhurawada | IT |
| | APIIC, Atchutapuram | Various products |
| | Hetero Infra Private Limited, Nakkapalli | Pharma |
| **Chandigarh** | Chandigarh Admin. | Electronics, IT |
| **Chhattisgarh** | Lanco Solar Pvt. Ltd | Solar products |
| **Gujarat** | S E Zone of Kandla, Kandla | Various products |
| | SEZ of Surat, Surat | Various products |
| | Apparel park of Surat, Surat | Apparel |
| | Zydus Infra Pvt. Ltd, Matoda | Pharma |

| | | |
|---|---|---|
| | S E Zone of Dahej, Bharuch | Various products |
| | GIDC (Gujarat Industrial Development Corporation), Ahmedabad | Textile |
| | GIDC, Gandhinagar | IT |
| | Sterling SEZ, Jambusar | Various products |
| | Jubilant Infra, Vagra | Various products |
| | TCS Ltd., Gandhinagar | IT |
| | L&T, Ankhol | IT |
| | Adani Port SEZ, Kutch | Various products |
| **Haryana** | DLF, Silokhera | IT |
| | DLF Cyber City, Gurgaon | IT |
| | ASF SEZ, Gwal Pahari | IT |
| | GTV SE Zone, Ghamroj | IT |
| | Candor Gurgaon, Tikri | IT |
| | ITPG Pvt Ltd | IT |
| **Kerala** | Special E Z, Cochin | Various products |
| | Port Trust of Cochin, Vallapadom | Port base |
| | Port Trust of Cochin, Puthuvypeen | Port base |
| | Infopark, Kakkanad | IT |
| | Electronic Tech Park, Attipura | IT |
| | Electronic Tech Park, Thiruvanthapuram | IT |
| | KINFRA (Kerala Industrial Infra Development Corporation), Chelembra | Agro-food processing |
| | KINFRA, Ayiroopara | Gaming and Animation |
| | KINFRA, Thrikkakara | Electronics |
| | Carborundum Univ. , Thrikkakara | Solar Photovolt |
| | Kerala State IT Infra Ltd, Mulavana | IT |
| | Kerala State IT Infra Ltd, Pallipuram | IT |
| | Sutherland Global, Thrikkakara | IT |
| | Uralungal Labour, Nellikode | |
| | Infopark Kerala, Puthencruz | IT |

| | | |
|---|---|---|
| | Smart City Infra Ltd, Kakkanad | IT |
| | Infopark, Pathencruz | IT |
| | Kerala State IT Infra Ltd, Muringur | IT |
| | Kerala State IT Infra Ltd, Pantheerankavu | IT |
| | Electronic Tech Park, Andoorkonam | IT |
| **Karnataka** | Wipro, Begur Hobli | IT |
| | Biocon, Anekal | Biotech |
| | WIPRO, Varthur Hobli | IT |
| | Vikas Telecom, Devarabeesanhalli | IT |
| | RMZ, Ecoworld Infra, Devarabeesanhalli | IT |
| | Karnataka Industrial Area Development Board (KIADB), Perumenahally | Textile |
| | G V tech park, Pattengere | IT |
| | Shyamaraju and Co., Kundalahalli | IT |
| | Manyata Embassy, Rachenhalli | IT |
| | Cessna Business Park, Varthur Hobli | IT |
| | HCL, Jigani | IT |
| | Infosys Ltd, Sadaramangala | IT |
| | Infosys, Hebbal | IT |
| | Aspen Infra, Nadasalu | Engineerig |
| | Pritech Park, Bellandur | IT |
| | SE Zone of Mangalore | Various products |
| | KIABD, Hassan | Pharma |
| | Quest SEZ, Hattagiri | Engineering product |
| | L&T, Mysore | IT |
| | KIABD, Bengaluru North | Aerospace products |
| | Infosys, Gokul | IT |
| | Wipro, Kodachi | IT |
| | Brigade Properties, Bengaluru | BPO |
| | Infosys, Electronic City, Bengaluru | IT |
| **Maharashtra** | Serum BioPharma, Pune | Biotech & Pharma |

| | | |
|---|---|---|
| | SEEPZ, Mumbai | Gems and Jewellery, Electronics |
| | MIDC (Maharashtra Industrial Development Corporation), Nanded | Pharma |
| | MIDC, Aurangabad | Electronics & Engineering |
| | WIPRO, Hinjewadi | IT |
| | Syntel International, Talwade Park | IT |
| | Manjri Stud Farm, Phursungi | IT |
| | EON, Kharadi | IT |
| | HGP Community, Powai | IT |
| | Wockhardt Infra Develop. Ltd, Aurangabad | Pharma |
| | Infosys, Hinjewadi | IT |
| | MIDC, Hinjewadi | IT |
| | Maharashtra Airport Development Co., Nagpur | Various products |
| | Magarpatta Township, Pune | Electronics, IT, Hardware, and Software products |
| | Roma Builders, Hiranandani | IT |
| | Indiabulls Industrial Infra, Nasik | Various products |
| | MIDC, Satara | Engineering |
| **Madhya-Pradesh** | M.P Industrial Devp. Corporation Ltd. (M.PIDCL), SE Zone of Indore, Dhar | Various products |
| | Infosys, Tigariya Badshah | IT |
| | M.PIDCL, Indore | IT |
| | TCS, Bada bangarda | IT |
| | Impetus Infotech | IT |
| **Odisha** | Vendanta Aluminium Ltd., Brundamal | Export & Manufacturing of Aluminium |
| | Odisha Indus. Infra Development Corporation (OIIDC), Bhubneshwar and Khurda | IT |
| | Tata steel SE zone, Gopalpur | Various products |
| | Saraf Agencies, Chhatrapur | Mineral Industries |
| **Punjab** | Sun Pharma, Mohali | Pharma |

| | | |
|---|---|---|
| | Infosys, Mohali | IT |
| **Rajasthan** | Mahindra World City, Kalwara | Various products |
| | RIICO, Jaipur S Economic Z | Gems and Jewells |
| | RIICO, Jaipur S Economic Z II | Gems and Jewells |
| **Tamil-Nadu** | Mahindra World City, Chengalpattu | IT, Bio-informatic, Hardware |
| | Mahindra World City, Chengalpattu | Apparel and Accessories |
| | Mahindra World City, Chengalpattu | Vehicle parts |
| | SE Zone, Chennai | Various products |
| | Nokia, Sriperumbudur | Mobile parts, IT, Hardware |
| | TCS, Siruseri | IT |
| | IG3 Infra, Pallikkarani | IT |
| | Syntel International, Kancheepuram | IT |
| | Sriram Properties, Perungalathur | IT |
| | Hexaware Tech, Siruseri | IT |
| | DLF Infocity, Manapakkam | IT |
| | State Indust. Promotion Corp. TN (SIPCTN), Sriperumbudur | Electronics Hardware |
| | SIPCTN, Walajah | Engineering |
| | Cheyyar SE Zone, Thiruvannamalai | Footwear |
| | Estancia IT Park, Chengalpet | Electronics and Hardware |
| | Aspen Park Infra, Coimbatore | Hi-tech engineering service and products |
| | SIPCTN, Tirunelveli | Tubes and tyres manufacturing and transport |
| | IG3 Infra, Perundurai | Textile |
| | SEZ of CCCL Pearl City Food Port, Tuticorin | Processing of Food |
| | Frontier lifeline, Thiruvallur | Biotech |
| **Telangana** | Divi's Lab, Bhuvanagiri | Pharma |
| | GAR Corp, Ranga Reddy | IT |
| | Phoenix Embassy Tech Zone, Ranga Reddy | IT |
| | GMR International Airport, Hyderabad | Aviation |

| | | |
|---|---|---|
| | Sanofi Healthcare, Medak | Biotechnology and related work |
| | Mantri Developers, Ranga Reddy | Electronics and Hardware |
| | Telangana State Industrial Infra Corporation, Ranga Reddy | Biotechnology |
| | Radiant Corporation, Muppireddypally | Electronics and Hardware |
| | Laxmi Infobahn, Rajendranagar Mandal | IT |
| | TCS, Ranga Reddy | IT |
| | TSIIC (Telangana State Industrial Infra Corp), Ranga Reddy | Biotech |
| **Uttar-Pradesh** | Special E Z, Moradabad | Handicraft with Engineering |
| | Special E Z, Noida | Various products |
| | HCL, Noida | IT |
| | WIPRO, Greater Noida | IT |
| | Moser Bear LTD, Greater Noida | Solar cells and other equipment |
| | Seaview Developers, Noida | IT |
| **West-Bengal** | Special E Z, Manikanchan | Jewelry and Gems |
| | Special E Z, Falta | Various products |
| | M.L Dalmiya and Co., Kolkata | IT |
| | Candor Kolkata, Kolkata | IT |
| | Special E Z, Wipro, | IT |
| | TCS, Kolkata | IT |
| | DLF, Rajarghat | IT |

Various handicraft products are manufactured in rural areas of Uttar Pradesh, while IT offices are established in SE Zone offices of urban Uttar Pradesh. The SE Zones established in various states of India include jewelry products, other products in various parts, and information technology offices in urban West Bengal [10]–[12]. In Tamil Nadu, a variety of items, including mobile components, automobiles, and engineering goods, are produced in several SE Zones located in various regions. Several IT offices have also been built in the state's metropolitan districts. Mining, the pharmaceutical sector in Punjab, and jewelry production in the Jaipur region of Rajasthan were all called SE Zones of India in Odisha. In Maharashtra, industries for the production of diverse products were developed in the S Economic Zones in Nasik, Aurangabad, and Nagpur [13]–[15]. Various IT offices were built in the SEZ of Pune. Different businesses and IT offices were built in Special Economic Zones of states like Andhra Pradesh, Karnataka, Haryana, and Kerala; all of these Special Economic Zones significantly boosted the economies of the states and the country.

## 2. LITERATURE REVIEW

Ritter et al. in their study embellish that everyone can observe that the SE Zone is responsible for an excess of jobs and economic activity on a national and worldwide level. The author applied a methodology in which they stated that the level of work produced inside SE Zone premises must not suffer. The result shows along with domestic private businesses, global investors view our nation favorably as a location for investment. The author concludes that S E Zones' main objective is to give investors tax relief. Similar to this, it is necessary to establish more similar zones that will increase the country's face worth. These areas will attract more investment to our nation [16].

Kang et al. in their study illustrate the growth of the Special Economic Zone during the past few years. The author applied a methodology in which they stated that Special E Z generated 4.72 percent of the export amount in the fiscal year 2003-2004. Following that, export rose from 113,854 crore rupees in 2014–2018 to 5, 123,637 crore rupees in 2018–2021. The results show SE Zones are now quite important to the export of commodities from India. The author concludes that when compared to Special E Z of Cochin, all Special E Z's export contributions have grown much more slowly, thus necessary steps must be implemented to increase Special E Z of Cochin's output [17].

M.Geissdoerfer et al. in their study embellish that the growth of the pharmaceutical sector has driven up the cost of land. The author applied a methodology in which they stated that Land's value for agricultural purposes was not given significant weight. The relationship of locals with the land has been significantly impacted by Sikkim's industrialization. The result shows few individuals view industrialization as a chance, while others regard it as a lost opportunity to obtain land. The author concludes that Therefore, the federal government must consider industrialization and its effects in places like Sikkim because they are giving rise to a new class of poor people who are indigenous to rural India [18].

The paper elaborates the level of work done inside SE Zone premises shall not suffer. The outcome demonstrates that international investors think favorably of our country as a site for investment, along with domestic private firms. In the author's opinion, tax reduction for investors is the primary goal of S E Zones. More zones like these need to be established to raise the face value of the nation. These regions will entice further investment in our country.

## 3. DISCUSSION

Tax exemption has been a common practice from the beginning of time to promote commerce. Trade was promoted as a means of boosting the economy and creating jobs. In the past, traders would go to many nations to conduct business and earn money. To make money, business was also conducted locally or nationally. Ancient traders used to congregate in one place and set up stalls selling their wares at melas and other similar events. People used to go to that mela to see a wide range of things provided by different traders and to make purchases depending on the product of their choice's quality, price, and other options in the market.

Ancient Indians were accustomed to going to melas to purchase items. Thus, the mela culture's main goals were to promote commerce, give many people a means of subsistence, and support the economy by luring traders from other nations and towns to boost trade. Today, the old mela culture is not practiced. However, the fundamental goal of holding a mela is to promote commerce, provide many people jobs, and support the economy. As a result, the Indian government now creates Special Economic Zones. The major goals of establishing the SE Zone were to boost commerce, create more jobs, and help the national economy.

### *3.1.Special-Economic-Zone To Boost Economy:*

More than 400 Special Economic Zones have been sanctioned by the Indian government as of 2020, and more than 250 Special E Zones are already in operation around the nation. Thus, approximately 200 are in the planning stages and will be in use in the upcoming years. The numerous SEZs in the various Indian states create jobs for locals while also attracting foreign trade. Products made in Special E Z by different states are utilized both domestically and internationally. The government provides tax breaks for the export of several goods. Utilizing locally sourced raw materials benefits the company operating in the Southeastern Zone. Industries find it easier to spend more in SEZ 1 regions due to different tax breaks and higher profitability from the product created in Special E Z.

Private companies make significant investments in S E Zone regions because of the excellent returns and nearly complete tax exemptions. Compared to investing in other locations, the SE Zones provide them with a simple method. Many other items are liberalized, including the taxation of exports, imports, and sales, the foreign direct investment policy, and many more taxes. As a result, private organizations make significant investments in Special E Z due to the substantial benefits granted by the government to private enterprises [19], [20].

Numerous employments are created as a result of Special E Z in practically every state in India. Young adults with education work in private company offices. More illiterate people are moving to cities with a larger concentration of SE Zones as a result of the significant number of educated young people working and living there. In these cities, there is an upsurge in demand for everything. Due to the high number of employees, there are many restaurants and tea shops in the vicinity of companies. In these cities, more taxis and private transportation options are needed. In cities with a high concentration of SE Zones, there is a rise in demand for clothing stores, food stores, construction workers for new buildings, and domestic staff for homes. Thus, the author can conclude that S Economic Zones not only help to attract business by increasing investment in the country and export but also give employment to a significant number of the country's educated and uneducated population, moving the nation toward progress [21], [22].

## 4. CONCLUSION

The paper includes information on several Economic Zone (EZ) that are now active across all of India's states. Numerous Special E Z concentrates on producing a variety of goods, including handicrafts, footwear, clothes, accessories, and jewellery. The product made in the Special E Z is entitled to tax breaks for export, and the raw materials needed to make it, if purchased from the domestic market, are likewise excluded from taxes. To produce the product from the industry established in the SEZ region, the organization, therefore, invests less in manufacturing costs. The business generates a sizable profit since it can produce a large number of goods at a low cost. If a product is made in Special E Z, it is also free from the normal taxes that are levied on exports of that product. The private firm receives significant profits by making low-cost manufacturing investments and exporting the product at a high cost.

As a result, more and more SE Zones must be approved and operationalized, especially in places where there aren't as many SE Zones. According to the most recent data, tier two cities are among the cities with fewer SE zones. More individuals will find a job in tier two cities if the number of SE Zones rises there as well. In turn, this will lead to the growth of tier two cities and the entry of a wider range of products, even from tier two cities, into global markets. Greater job opportunities for residents of tier two cities will promote social development for all societal segments. The development of industries in places with high population density but low employment must receive more attention. Therefore, SE Zones in tier two cities are necessary to increase employment. The paper gives up possibilities for determining how S-E-Z has affected various industrial sectors in India's economy.

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# CHAPTER 18

# STUDY OF ELEMENTS MANIPULATING DIVIDEND STRATEGY: CORPORATE FINANCE

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***ABSTRACT: The purpose of this study is to ascertain whether the industry a company belongs to have an impact on its dividends. This study also investigates the explanatory variables for dividends in various Indian industries. The 12 years from 2006 to 2017 that these companies were registered with National Stock Exchange (NSE) in India provided balanced data for this longitudinal analysis. We estimate using fixed effects panel models and pooled ordinary least squares (POLSs). We discover that dividend policy is significantly positively correlated with profitability, interest coverage ratios and size. Additionally, debt and business risk show a markedly negative relationship with dividends. The permitted cash flow proposition used for India is supported by the profitability data. But we also discovered that Indian businesses favor a consistent dividend strategy. Because of this, businesses with greater potential for growth but lesser cash flows nonetheless pay dividends. Additionally, we discover proof that dividend policies in India's various industrial sectors differ considerably. Financial managers and policymakers can utilize the study's findings to inform their judgments on dividends. They can also assist investors in choosing portfolios based on the dividend-paying patterns of specific industries.***

***KEYWORD: Capital, Corporate finance, Dividend,Investment, Shareholder.***

## 1. INTRODUCTION

Corporate finance is concerned with the money and financial choices made by the management of corporations to take full advantage of the worth of the wealth of the stockholders. However, because ownership and control are separated, managerial objectives are followed at the risk of the shareholders. Financial managers that make sane dividend decisions, financing decisions, and investment judgments growth shareholder capital. The managing board must also be active and collectively responsible for the company's long-standing performance [1]. Corporate finance deals by the well-organized and operational management of the company's financial resources to attain the corporation's objectives. This contains predicting and observing the wealth source (where assets are elevated), the supply of resources (where they are allocated), and the supervisory of resources (which determines whether or not funds are being used effectively) [2]. Corporate finance is based on three guiding principles: the investment principle (which determines where corporations invest their money), the financing principle (which controls the mix of debt and equity used to finance investment opportunities), and the dividend principle (which determines how much of earnings should indeed be reinvested back into the company and how much should be paid to the corporation's shareholders) [3].

The main goal is to increase wealth for capital suppliers, particularly investors. Therefore, increasing value is the key to success in financial management. According to the law, managers have a fiduciary duty to the owners, which implies that they should put the interest of shareholders ahead of their own. However, because control and ownership are divided, companies support managerial objectives at the expense of profitability [4]. An entitled agency dilemma, such a conflict. Business domination attentions on the inner construction and guidelines of the managing board of managers, the formation of self-determining review committee members, benchmarks for data disclosing to shareholders and lenders, as well as management oversight. Corporate governance addresses the issues that arise from the separation of proprietorship and management [5]. To achieve the highest degree of effectiveness and profitability for the organization, corporate governance supervises and monitors corporate behavior, takes stakeholders' interests into account, promises to conduct business in a trustworthy manner, and considers stakeholder interests. Corporations have obligations to the entire civilization, the next generation, and the environment in this regard [6].

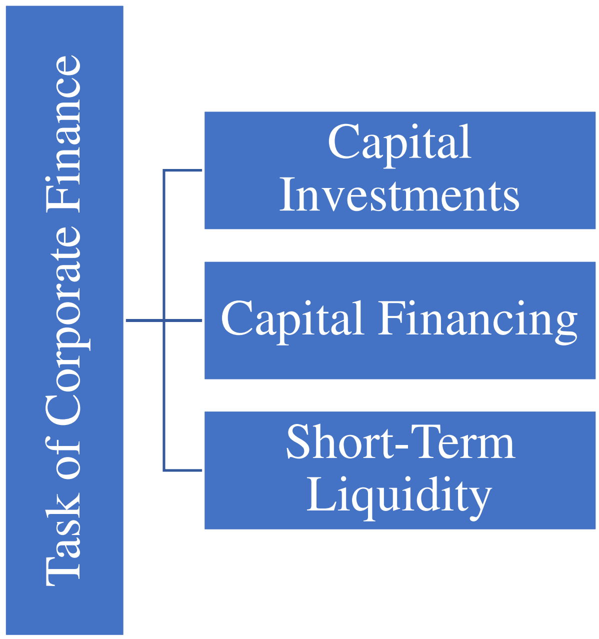


**Figure 1: Demonstrate the Classification for Task of Corporate Finance.**

- *Capital Investments:*

Making capital investments and allocating an organization's ultimate capital are examples of corporate finance tasks. Capital budgeting is the main focus of the decision-making process for capital investments. A business controls which developments to contain in its wealth economical by identifying investment expenses, estimating upcoming incomes from planned wealth schemes, contrasting strategic funds with future profits, then more.

Making principal funds is arguably the greatest crucial commercial business duty that can have a significant impact on a company's bottom line. Poor capital budgeting can jeopardize an organizations financial enactment owing to increasing financing costs or insufficient operating capability. Examples include excessive or underfunded investments [7].

- *Capital Financing:*

The acquisition of capital in the form of debt or equity is under the purview of corporate finance. A business can obtain credit from commercial banks and other financial intermediaries, or it can use investment banks to issue debt securities on the capital markets. When a firm requires a lot of money to expand its business, it may also decide to sell stocks to equity investors.

Determining the proportional amounts or loads of liability and impartiality in principal finance is a delicate complementary act. Moreover ample debt could increase the chance of avoidance, while dependent too much on the stock could reduce incomes and worth for initial depositors. The money required to carry out capital investments must ultimately be provided by capital financing [8].

- *Short-Term Liquidity:*

The responsibility for short-term financial management is under the purview of corporate finance, and it entails making sure there is sufficient cash to support ongoing activities. Working capital and operating cash flows, as well as current assets and liabilities, are the attention of temporary economic organization. An organization essentially be able to wage totally of its current liabilities when they are due. This entails having enough immediately liquid assets to keep business activities uninterrupted. As a liquidity backup, obtaining extra credit lines or issuing commercial papers may also be part of short-term financial management [9].

## 2. LITERATURE REVIEW

La Porta et al conducts a study on contrast with dividends in 33 different nations. They claim that nations with more robust investor protection systems have bigger dividend payouts. The reward for businesses with high development potential is, however, lower in these nations. From 1992 to 1999, looked at the variations in bonus earnings for 21 developing market saving, together with India. According to the study, businesses generally have lower dividend distributions in nations with higher country risk so they can use cash flows to finance potential future growth [10].

Aivazian et al studied the variables affecting the dividends of U.S. corporations and emerging market firms. Except for Turkey, the findings demonstrate that developing market companies pay dividends at a level that is comparable to that of American businesses (as of the burden of legal restraints). Additionally, there is an alike correlation among bonus procedure and the three other variables of effectiveness percentage, obligation ratio, and market-to-book worth ratio as reported by U.S. companies. The signs are contradictory for both the scope constant and the commercial risk amount. According to other findings, businesses in six emergent marketplace nations with higher physical assets often pay lower bonuses than those in the United States [10].

Mitton et al corporations across 19 nations that have solid business supremacy and less venture alternatives pay larger bonuses. In their 2005 study they evaluated the dividend payout practices of public and private corporations in the United States, Canada, and Europe in the twenty-first century. According to their findings, finding solid investment opportunities is crucial when choosing a dividend strategy. Taxes are not considered to be important [11].

Denis et al conducts a study based on the factors that affect dividend distribution in six developed financial markets: the US, Canada, the France, UK, Japan and Germany. This analysis supports French and Fama also, growth prospects, findings that firm size, and profitability play substantial roles in determining dividends. Another important aspect of dividend policy is established as the retained surplus to total equity ratio [12].

Brockman et al conducts a study over correlation between creditor rights and the likelihood of paying bonuses in addition to the size of the bonus expenditure for around 52 different nations. These study also satisfy the concept of Abor and Bokpin, who studied the dividend policies in 34 emerging nations, there is a considerable inverse link between investment opportunity and dividends. Profits and stock market capitalization are additional factors that affect dividend decisions. The bonus expenditure is not considerably pretentious by additional measures, such as external funding, leverage ratio, and debt financing [13].

## 3. DISCUSSION

*3.1 Factors Affecting Dividend Policy:*

A key choice in corporate finance is dividend policy, which affects choices about financing and investing. Diverse dividend policy drivers have been identified in the available literature. Researchers concur that there isn't a single definition of a firm's dividend-paying habit, nevertheless. In fact, the more we examine companies' payout behavior, the more of a "dividend conundrum" it appears to be (Black 1976). Although dividend payout is seen as a crucial management choice, managers, researchers, and investors continue to be perplexed by it, according to Ooi (2001). What determines the dividend distribution and whether investors pay attention to dividends are the major mysteries [14].

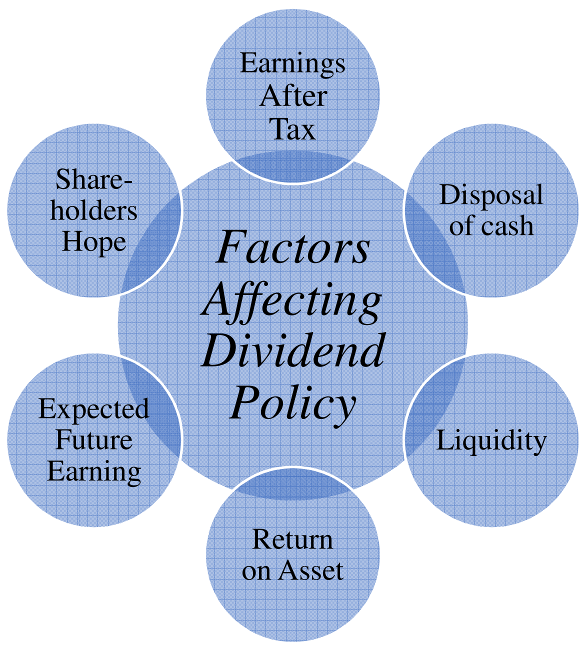


**Figure 2: Demonstrate the Classification for Factors Affecting Dividend Policy.**

According to Lintner, managers place a high value on dividend stability. They dislike eliminating or reducing dividends. Instead, businesses typically define a goal payout ratio and use the current year's earnings and dividends from the prior year as key determinants of their dividend policy and components as shown in Figure 2. The requirements of the shareholders, as well as the company's shareholders, are regarded by Indonesian companies as crucial reasons for dividends. According to Al-Najjar and Kilincarslan, publicly traded companies in Turkey typically accept long-standing expenditure ratios, which results in the constancy of the bonuses being watched (relatively a smaller amount than the settled marketplaces of the U.S.). They further claim that the target payout ratios are impacted by ownership concentration [8].

*3.2 Factors affecting the capital Structure:*

Shares (stock and preferences), debt instruments, long-term loans, bonds, and retained earnings are all included in the capital structure. With the aid of people and organizations, these tools assist the business in raising money for its operations.The capital structure of a corporation is influenced by a number of variables, which also affect how the debt and equity components are distributed [9]. Here are a few of these elements:

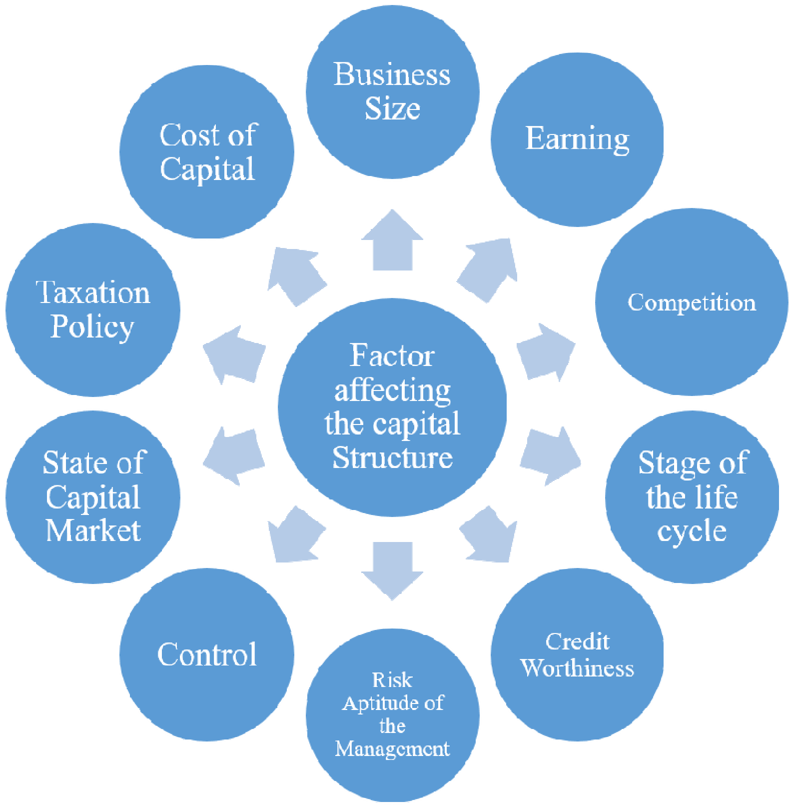


**Figure 3: Demonstrate the Classification for Factors Affecting the Capital Structure.**

*3.2.1* *Business Size:* A corporation's capability to increase capital is predisposed by its extent and opportunity. Long-standing borrowing can be interesting for minor industries. Due to the extent of their operations, creditors are reluctant to loan to them. Straight if they do receive these credits, they necessity agree to onerous repayment terms and hefty interest rates. It restricts their capacity to expand their company.

*3.2.2* *Earnings:* Businesses with comparatively steady revenue streams can afford to have greater debt in their capital structure. Businesses with better earnings prospects can afford to fulfill these set financial obligations because debt repayment is periodic and has a fixed interest rate. Conversely, businesses that experience more revenue volatility, such as those in the consumer goods industry, trust additional on stock stocks to account their processes.

*3.2.3* *Competition:* A corporation must need extra equity stocks in its principal construction if it functions in a more reasonable market. In evaluation to companies with a smaller amount of opposition, their incomes are additional susceptible to change [14].

*3.2.4* *Stage of the Life Cycle:*A corporation that is just starting has a higher risk of failing. In that situation, they must invest their operations with a larger amount of normal share principal. Liability has a set attention degree and is improved suited for productions with probable growing prospective.

*3.2.5* *Credit Worthiness:* Any business that has a track record of making on-time loan repayments determination be capable to raise cash with less limits and at a lesser interest amount. They are able to timely repay their loans thanks to it. For businesses with poor market credit status, the opposite is true.

*3.2.6* *Risk Aptitude of the Management:*The ratio of liability to equity in a corporation principal construction is also influenced by the administration attitude. Almost managers favor adopting a low-risk strategy and using stock shares as a means of raising capital. Other managers prefer to take on a bigger percentage of long-term debt instruments because they are assured in the company ability to refund great debts [15].

*3.2.7* *Control:*An organization may not pursue money done stock stocks if it wants external interference in its activities. Directors may be appointed by equity shareholders, who also lessen the ownership interest of the company's owners. Some businesses might favor borrowing money over debt implements. The creditors won't be able to meddle with the processes of the company if they obtain their credit and extra expenses by the time. Though, the creditors have the right to oust the current leadership and take over the company if they suffer a credit default by the corporation.

*3.2.8* *State of Capital market:* Whether a firm exploits additional liability or evenhandedness to economics its processes depends on the favorites of depositors then creditors. When a firm attempts to issue common shares, no one will buy them because of the risky nature of the company's operations. In that situation, the management must raise money from alternative sources, such as the debt markets [16].

*3.2.9* *Taxation Policy:* Important are the government's monetary policies on the taxation of debt and equity instruments. Investors may leave equities if a government increases the tax rate on gains from stock market investments. Similar to this, if government policy has an impact on the attention rate on pledges and extra long-standing implements, it will also have an effect on the choices made by businesses.

*3.2.10* *Cost of Capital:* Depending on the anticipated rate of return for the suppliers, the cost of acquiring capital will vary. The risk taken on by investors affects this rate. Since ordinary stockholders do not get a fixed rate of dividend, they are most at risk. Afterward inclination stockholders accept their bonuses, they are rewarded. In all cases, the company is mandatory to wage interest on the debentures. It inspires additional investors to choose bonds and debentures [17].

*3.3 Survey design and administration:*

Organized by the Indian Finance and Treasury Relationship (FTR), we created the survey for this study. An expert organization for managers involved in all facets of capital and economic risk administration, the FTR. To facilitate quantitative research, we have employed a variety of question types, such as yes/no queries, position of other possibilities, a few flexible queries, and largely closed replies using a 5 step Likert scale evaluation of the replies.

In September 2014, the FTR circulated an online poll association and a shelter message to all of its followers working for Indian organizations. These members represented 1000 different enterprises, including 20 government entities. In October 2014, the FTR sent a reminder email to its subscribers. The FTR informs potential replies in its cover letter that it is looking for one reply per group, ideally since one of the older Capital Specialists inside the company [18].

**Table 1: Demonstrate the Percentage of Survey Respondents in Industry Sector**

| Industry Sector | Percentage |
|---|---|
| Resources & Mining | 14 |
| Economic Services | 11 |
| Services | 6 |
| Industrial Sector | 4 |
| Assets | 5 |
| Institution | 3 |
| Selling and Wholesaling | 1 |
| Flying and transportation | 6 |
| Telephones and Media | 22 |
| Government Services | 8 |
| Infrastructure | 7 |
| Construction & Engineering | 12 |
| Other | 1 |

We make sure that our final sample doesn't contain any duplicate responses. 94 respondents made up our sample, which has a response rate of 12.5%. Our reply percentage is advanced than that of double previous studies of a similar type carried out in the US (Harvey and Graham, 2001, 10%) and in Europe (Brounen et al., 2005, 7 percent) [19]. The bulk of respondents (80%) identified as treasurers or treasurer directors, trailed by various monetary organization roles (25%) including capital analysts or capital accountants, though only 7% said they were the chief financial officer. The review consequences internment a different variety of manufacturing segments, shown in Table 1 lower and variation between respondents from different sectors is shown by a pie chart in Figure 4.

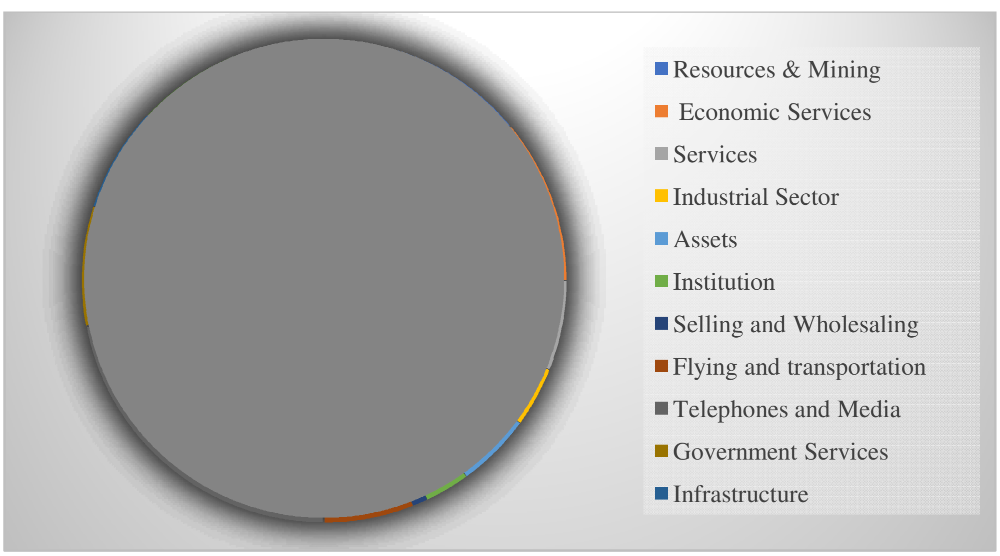

**Figure 4: Demonstrate the Percentage of Survey Respondents in Industry Sector.**

*3.4 Transaction-cost Economic and Agency Comparisons:*

Putting terminology aside, describe the differences between transaction-cost economics and agency theory. Even though this subject has been brought up frequently in interactive discussion and occasionally in writing, thus far only fragmentary answers have been made. Here, a more methodical response is suggested. It will be obvious that I'm not a neutral observer if my response seems to prefer one of these strategies over the other. Whatever the case, in my objective opinion, these two points of view are primarily complementary. Both have aided in our approaches to economic organization and will do so in the future.

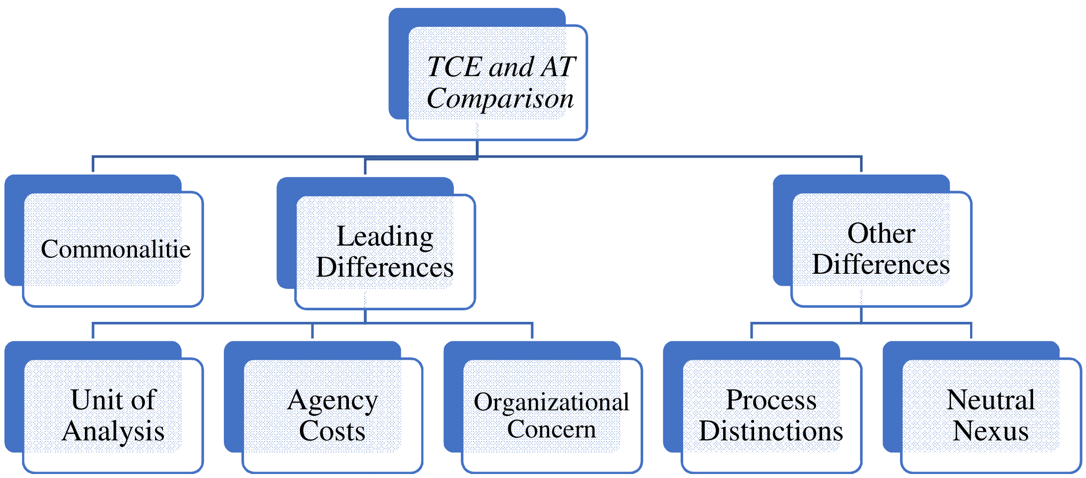


**Figure 5: Demonstrate the Classification Transaction-cost Economic and Agency Comparisons.**

## 4. CONCLUSION

Corporate finance in the early modern period provides a clear illustration of the benefits and drawbacks of financial innovation. Just such a circle was initiated by the creative burst at the early 1600s, which increased the size of business occupational and gave rise to new methods of governance, finance organization, financing techniques and participation but also sparked stockholder complaints and exposed intrinsic flaws in the new methods. The fundamental outline of the WIC and VOC proved to be too far complicated for widespread acceptance, and the unusual business supremacy model used by chartered businesses, which involved a significant amount of state engagement, was doomed to failure**.**However, the development of a sophisticated securities market following the VOC and WIC was a major advance. It gave rise to an ever-expanding range of financing choices and asset prospects, which, when mutual shared with the rising amount of existing investments and a forgiving permissible scheme, guaranteed that any feasible commercial chance could obtain backing till 1850 and beyond. However, even the most sophisticated and adaptable financing solutions were unable to stop the Dutch economy from declining or to help it rebound following the French occupation.

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# CHAPTER 19

# ANALYSIS OF THE ORIGIN AND CONTRIBUTION OF WOMEN ENTREPRENEURS IN INDIAN ECONOMIC DEVELOPMENT

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***ABSTRACT: Women entrepreneurs are generally described as women or groups of women who organize, start and operate any business or firm for their personal and economic development. There are clear indications of the rise of women entrepreneurs in India and their contribution to economic development. Women nowadays are more aware of their identity, their rights, and their employment conditions. Economic, social, religious, historical, and psychological aspects all have a major impact on how entrepreneurs are established in a community. Women entrepreneurs are widely regarded as an important and infinite means of reaching financial success. The primary objective of this study is to examine the emergence and contribution of women entrepreneurs to economic development. This study has been done through a survey that focuses on the role of women in entrepreneurship and the challenges they face during this journey. Primary and secondary sources of data are used to examine the factors that help promote women to be self-reliant and contribute to the economy. The government should start many programs for women's empowerment which will help them to develop intellectually and as a result women have the potential to contribute to the economic development of the country in the coming days.***

***KEYWORDS:Economic Growth, Employment,Entrepreneurship, Government, Women Entrepreneurs.***

## 1. INTRODUCTION

As people know that India is one of the world’s fastest-growing economies and is the biggest market in the developing nation after China. Entrepreneurship is a creative and dynamic process that creates a new enterprise all around the world. Entrepreneurs are agents of change who generate job chances for others. Women entrepreneurs are described as women or perhaps a group of women who start, organize, but also run a business [1]. A woman entrepreneur is thus a self-assured, innovative, and inventive woman who seeks financial independence while also employing many others [2]. The establishment of entrepreneurs in culture is heavily influenced by economic, sociological, religious, historical, as well as psychological factors.It has long been recognized that a woman entrepreneur is a substantial and unlimited approach to achieving economic success. Female entrepreneurs have shifted from a traditional to a non-traditional approach, which has increased their skills and education in higher-level commercial operations [3]–[5]. They contribute to the growth of economies as well as play a significant role in their development as a result of gaining unique talents and entrepreneurial programs [6].

Even if gender equality has increased in the world economy, cultural attitudes toward women's labor still differ based on a country's economic development phase. Women's labor may have several effects, depending on a nation's views on the place of women in society. The phrase "women's work" is more frequently used in poor countries, where women's status is different from that in affluent nations [7]–[9]. Women's entrepreneurship experience is essential since it affects societal conditions and trends toward globalization. Therefore, further research is needed to determine how female entrepreneurs are expanding their enterprises internationally. Despite growing interest in female entrepreneurs, little is known about how women entrepreneurs affect global commerce.

A woman who establishes manages, and operates her own business is referred to as a women entrepreneur [10]. Women entrepreneurs are the ones who develop a business idea, implement it, streamline production processes, run the firm, take greater chances, and manage a precarious financial situation [11]. Women operate more than one-third of all companies around the globe. In India, there has been an increase in female entrepreneurship as a result of economic success, more access to higher education, urbanization, the expansion of liberal and democratic culture, as well as societal acknowledgment. In India, certain initiatives and advantages have indeed been put in place to support the growth of women entrepreneurs.

The present study focused on the contribution of women's entrepreneurship to Indian economic development. This research is characterized into several sections where the first section is an introductory part of this study in which the author discusses the general introduction of women's entrepreneurship and also mentioned the factors which encourage women to become an entrepreneur. After that, the literature review section is discussed which shows the review and suggestions of various literatures in terms of women's entrepreneurship. Furthermore, the methodological section of this study is mentioned where the data is examined in the following sub-sections. After that, the results and discussion part are discussed where the results are compared with the existing data followed by the methods applied in this research. Lastly, the conclusion of this research is declared where the researchers provide the outcomes, their opinions as well as future benefits of the present research.

## 2. LITERATURE REVIEW

The role of women's Entrepreneurship in the economic growth of India is discussed by S. Gupta and R. Maheshwari [12]. As per the authors, the growth of entrepreneurship among women is critical for achieving greater development goals like development having equity. Their study specifies that in comparison to their male competitors, numerous female entrepreneurs observed several challenges in their working circumstances. Political insecurity, inadequate infrastructures, high manufacturing costs, as well as a hostile business climate significantly impact women entrepreneurs. Their results conclude that women entrepreneurs should be adequately shaped with entrepreneurial qualities as well as talents to address changes that take place and global marketplaces, and also be capable enough to maintain and aspire for achievement in the entrepreneurial sphere.

The significance of Women Entrepreneurs in a Nation's Economic Growth is stated by B. Deepa. That study examines recent developments in Indians' opinions regarding women's self-sufficiency and also aims to raise awareness about the importance of female entrepreneurs in contributing to a nation's socioeconomic development, as well as the need to create a dynamic entrepreneurial environment in favor of women entrepreneurs. The results show that Women Entrepreneurship does not only create new jobs for own selves but also for many others by offering different solutions to administration, management, as well as commercial difficulties.

The effects of environmental factors on women's entrepreneurship growth in Nigeria are discussed by C. Moses and C. Mordi [13]. Women's participation in economic growth has already been identified as essential, particularly in the fields of entrepreneurship. Entrepreneurship, as the driving factor of economic and social development, demands the participation of much more females in its activities. The purpose of the author's study is to investigate the impact of environmental parameters on Women Entrepreneurship Development (WED) in the region of Lagos State situated in Nigeria. The author used primary and secondary sources of data for their investigations. Their result concludes that to support females' engagement in the growth of the economy, the government must implement laws that improve women entrepreneurs' access to adequate financial capital as well as required resources.

J. Sasi et al. proposed the problems and prospects of women's entrepreneurship in Indian society [14]. According to the author conventions and traditions are deeply established in Indian culture, in which the sociological structure has been males oriented, educated Indian women must go a considerable way to acquire equal rights as well as positions. Their study aims to assess the elements that encourage women towards becoming entrepreneurs. Their results conclude that Women are accounted for about 45 percent of the Indian population and at this point, significant actions must be taken to give women entrepreneurial knowledge, orientation, as well as vocational training programs for their intellectual growth which help women for being more aware and successful in their field.

The above reviews of the literatures demonstrate the women's contribution to the development of the economy. In the above literature studies, all the researchers used different methods to examine the role of women entrepreneurs in the economy. After examining the above reviews, the author of this research proposed that what are the challenges faced by women entrepreneurs in the journey of being an entrepreneur. The author also concludes with their opinions that what steps the government and the women's families should take to promote the women's intellectual growth for their self-improvement and also for economic growth.

*Research Questions:*

- What are the challenges women face during the Entrepreneurship phase?
- Are people agree that being a female entrepreneur is more difficult than male entrepreneur?

## 3. METHODOLOGY

### *3.1. Design:*

The present study is carried out with the assistance of an online survey where only women residing in India are included. Various demographic details of these women were recorded like profession, age, educational background, monthly wages, etc. For this study, all the data is acquired by asking several questionnaires to the respondents. Two types of sources are acquired to know about the factors and importance of women's entrepreneurship in economic development for this study which are primary and secondary sources. The primary data for this research is obtained by asking the questionnaire of women of India to gain some relevant information about the significance of women's entrepreneurship for economic development. Moreover, the secondary data for this present research is collected by questionnaires, which are collected through online surveys such as Market records, News, Google forms, etc. Figure 1 demonstrate the flowchart which depicts the procedure through which the current survey is carried out.

### *3.2.Sample:*

Several sorts of questionnaires are used to collect data for this study. According to the author, survey questions are the most convenient and useful way the collection of data. The sample selection technique should be independent of people's perspectives. Several types of questions are used to gather information about the significance of women's entrepreneurship for economic development. This survey asked 120 women having diverse occupational backgrounds, monthly wages, educational backgrounds, and age groups to gain information about the importance of women's entrepreneurship for the development of the Indian economy and the challenges they faced.

*3.3. Instruments:*

The researcher of this study utilized this part to gather data and also conclude that women's entrepreneurship is beneficial for the nation's development. As instruments, the author of this study used Google forms, news, responses from the respondents, and social news to analyze the perceptions and opinions of the Indian citizens towards women's entrepreneurship and whether it provides a good future for the economy or not. The data was acquired from respondents living in several areas of India. The following are some of the survey questions which were used to frame this study:

- What are the Age groups of women?
- What is the highest qualification level for women?
- What is their marital status?
- What are the challenges women faced during the Entrepreneurship phase?
- Which sector does their business belong to?
- What are the reasons aspiring to become an entrepreneur?
- What are their sources of investments?
- Are you agree that being a female entrepreneur is more difficult than male entrepreneur?

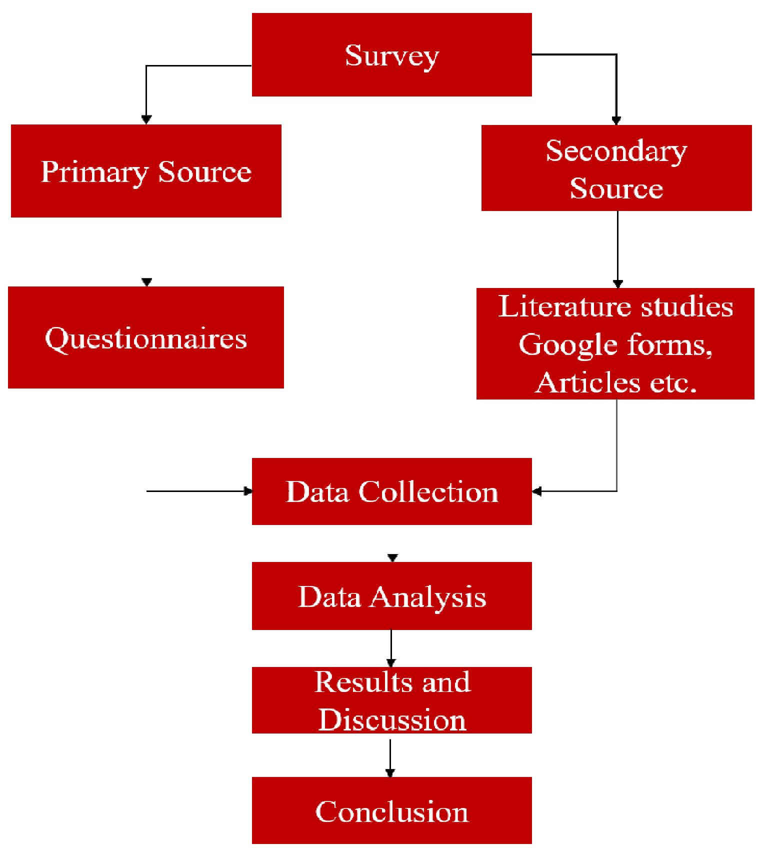


**Figure 1: Illustrating the Flowchart of the Present Study which shows the Process Through which this Survey is Carried Out.**

*3.4.Data Collection:*

The data gathered to investigate people's opinions and sentiments regarding women's entrepreneurship is depicted in various figures, which are given below. The thoughts, viewpoints, and information of respondents from various parts of India are used to collect data. The data was gathered from primary and secondary sources, in which people from all backgrounds shared their ideas and insights on the role of women entrepreneurs in the growth of the Indian economy. The below figures illustrate the data as per the responses which are obtained from the respondents in terms of women's entrepreneurship for the growth of the Indian economy.

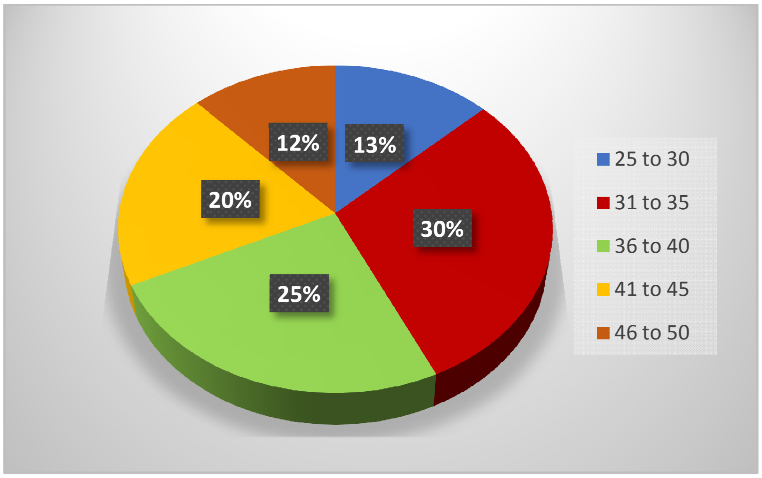


**Figure 2: Illustrating the Age Groups of Women Entrepreneurs to which they were Belongs.**

The above Figure 2 represents the different age groups of the women entrepreneurs from which they were belongs. It has been seen that 13% of the women entrepreneurs belonging the age of 25 to 30 years. Furthermore, out of 120 respondents, 30% of the women entrepreneurs varying ages between 31 to 35 years. Moreover, 25% and 20% of the women entrepreneurs have their ages between 36 to 40 and 41 to 45 years. Lastly, all over India, 12% of the female entrepreneurs aged between 46 to 50 years are engaging in entrepreneurship for promoting the nation’s growth.

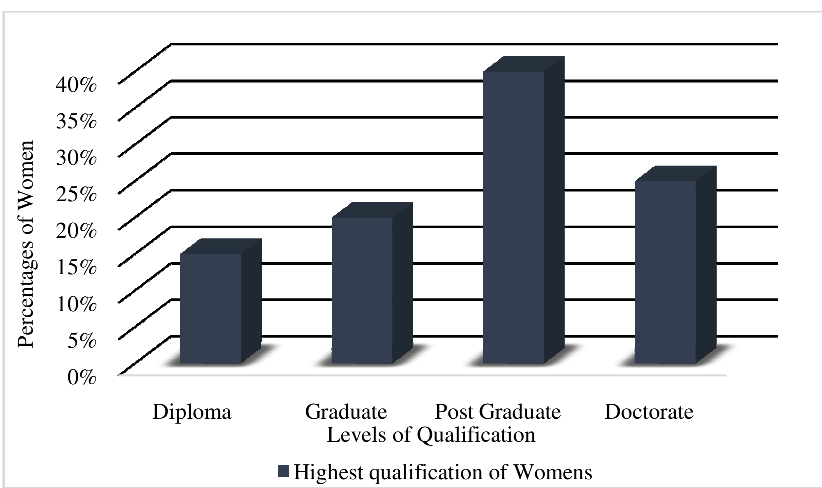


**Figure 3: Represents the Highest Qualification Levels of the Women who became Entrepreneurs.**

Figure 3 depicts the highest qualifications level of the women entrepreneurs who become an entrepreneur now. It has been observed that 15% of women have completed diploma courses before being an entrepreneur. Moreover, 20% of the women graduated before starting their entrepreneurship. Furthermore, 40% of the women completed their Post-Graduation (PG) after that they decided to start their own business. Lastly, it has been seen that out of 120 respondents, 25% of them have completed their doctorate, and after they decided to be an entrepreneur to become self-independent and make difference in society also all the women entrepreneurs have their only aim which is, to contribute for the nation and enhance the economic growth of the nation.

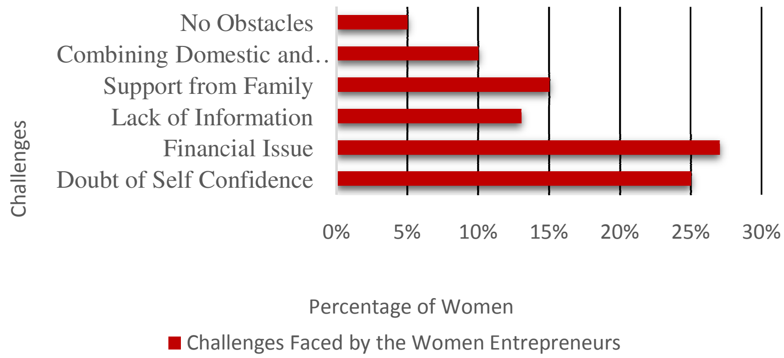


**Figure 4: Demonstrating the Kinds of Challenges Faced by the Women During Entrepreneurship.**

Figure 4 shows the challenges faced by the women during or in earlier starting their entrepreneurship. Out of 120 respondents, 25% of the women entrepreneurs said that they were facing a lack of self-confidence before and after starting their entrepreneurship. Further, 27% of the females face financial issues for starting their startups or business. After that, 13% said that before starting entrepreneurship they do not have proper and adequate knowledge about the market and still they are facing a lot due to lack of knowledge and information. Moreover, 15% of the women entrepreneurs said that it is very critical to have the support of their family towards their decisions, all the families do not have the same criteria and points of view towards society so family support is another obstacle women are facing a lot. Further, 10% of the women accept that it is very difficult to manage both personal and professional life during entrepreneurship. There is a significant effect on combining both domestic and professional life which affects their mental health badly. Lastly, the Rest of the 5% of the female entrepreneurs accept that they do not face any obstacles in the journey of being an entrepreneur.

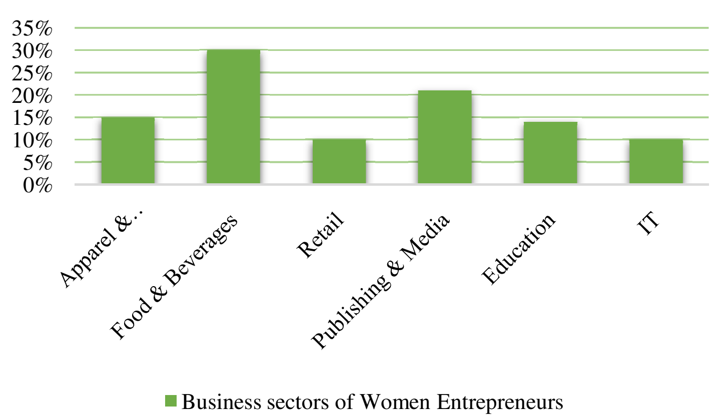

**Figure 5: Representing the Different Business Sectors of Women Entrepreneurs.**

From Figure 5 it has been seen that 15% of the women have started textile and apparel businesses for completing their dreams and to enhance economic growth. Furthermore, 30% of the women have chosen the food and beverages sector to start their entrepreneurship. Moreover, 10% of females were tends to start their retail company for completing their aims. Similarly, out of 120 respondents, 21%, 14% and 10% of women were choosing different sectors for starting their business and becoming an entrepreneur which really makes a difference in society and also helps to develop the economic structure of the nation.

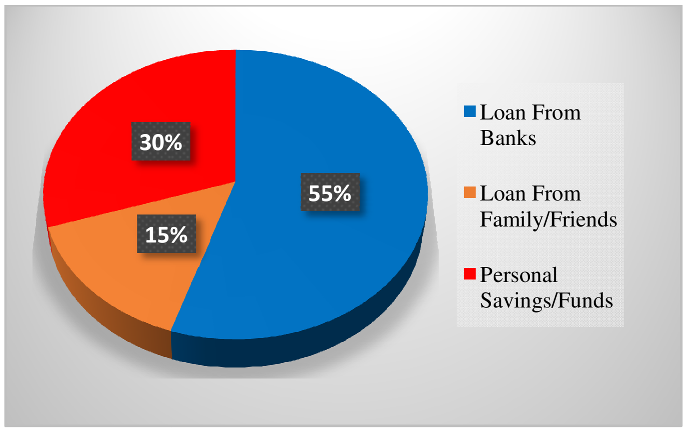


**Figure 6: Illustrating the Sources of Investments of Women Entrepreneurs which Invest at the Beginning of Entrepreneurship.**

Figure 6 represents the different sources of investments of women which they invest to start their entrepreneurship. As per Figure 6, it has been seen that 55% of the women take a loan from banks to start their business. Further, 15% of women take loans from their families and friends to establish their startups. Lastly, out of 120 respondents, 30% of the women initiate their savings or funds for establishing their startups and business. Women all over India gathered funds from several sources for starting entrepreneurs and for serving the nation in terms of enhancing economic development.

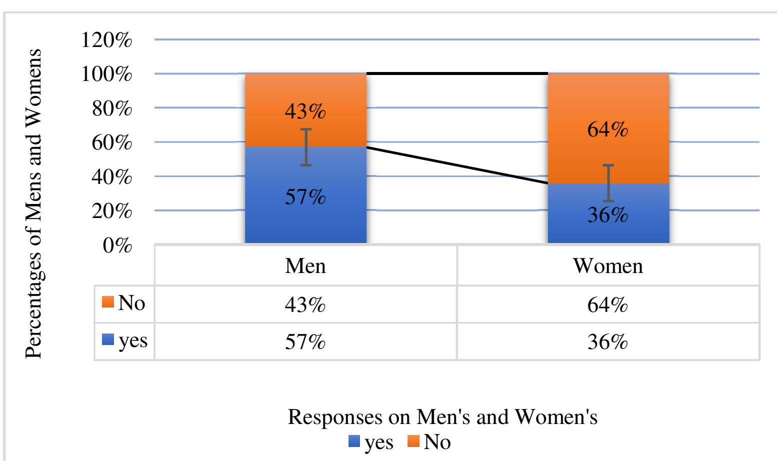


**Figure 7: Demonstrating the Responses of the Men and Women in Terms of Yes and No who Agree and Disagree that Being a Female Entrepreneur is More Difficult than Being a Male Entrepreneur.**

Figure 7 depicts the responses of both men and women in terms of Yes or No, as per the question they were asked. The author observed that 43% of the men are agree that being a female entrepreneur is more difficult than male entrepreneurs on the other hand 57% were not. Furthermore, 64% of the women said No, because they believed that in today's generation women are not weak and privileged in comparison to men. According to them, females are also capable as men they can do all the things but on the other hand, 36% of the females accept that being a female entrepreneur is difficult in comparison to men.

### *3.5. Data Analysis:*

The present survey is applied to evaluate and examine the data as well as express the problems addressed in this study. It is very easy to classify the analysis' outcomes after evaluating the data. As per the above collections of data the author of this study analyzes that in today's modern world women are not far backward in comparison to men. They are also capable to do all the things as men do. After analyzing all the data, the author of the present study observed that different peoples have different perspectives on entrepreneurship. Women's engagement in entrepreneurship has been affected by several pulls as well as push factors, which not only give them financial freedom but also raise their personality as well as self-confidence. Women have started creating their enterprises and entering the Micro, Small, and Medium Enterprises (MSME) sectors in increasing numbers. Women are motivated and inspired to keep pursuing entrepreneurial endeavors by better economic possibilities, a passion for helping each other, and self-fulfillment, as opposed to men. Women are motivated to continue entrepreneurial efforts by limited income, rigorous work schedule, requirements, lack of employment or employment fulfillment, work-life consistency, as well as other relevant factors.

## 4. RESULTS AND DISCUSSION

The establishment of entrepreneurs in culture is heavily influenced by economic, sociological, religious, historical, as well as psychological factors.It has long been recognized that a woman entrepreneur is a substantial and unlimited approach to achieving economic success. Female entrepreneurs have shifted from a traditional to a non-traditional approach, which has increased their skills and education in higher-level commercial operations. They contribute to the growth of economies as well as play a significant role in their development as a result of gaining unique talents and entrepreneurial programs. Women's participation in economic growth has already been identified as essential, particularly in the fields of entrepreneurship. Entrepreneurship, as the driving factor of economic and social development, demands the participation of much more females in its activities.

Figure 8 it has been analyzed that in the state of Rajasthan out of 120 respondents, 50 women were married, 30 women were unmarried, 25 females were divorced and 15 women were widowed. The marital status of the women entrepreneurs who are belonging to different states of India. All the females started to think differently in comparison to other women and started their businesses to create a difference in society. As per the author, by looking at the present circumstances women entrepreneurs in India get several advantages from the government. The government of India initiates several laws for women which help them in the journey of entrepreneurship. The primary data for this research were utilized to conduct the study with the assistance of google forms, market records, magazines, etc. and all these data is depending upon the several sorts of questionnaires asked through the women having different professions, educational backgrounds, ages, etc. it has been observing that women are continuously growing herself for their good future which helps for the development of Indian economy.

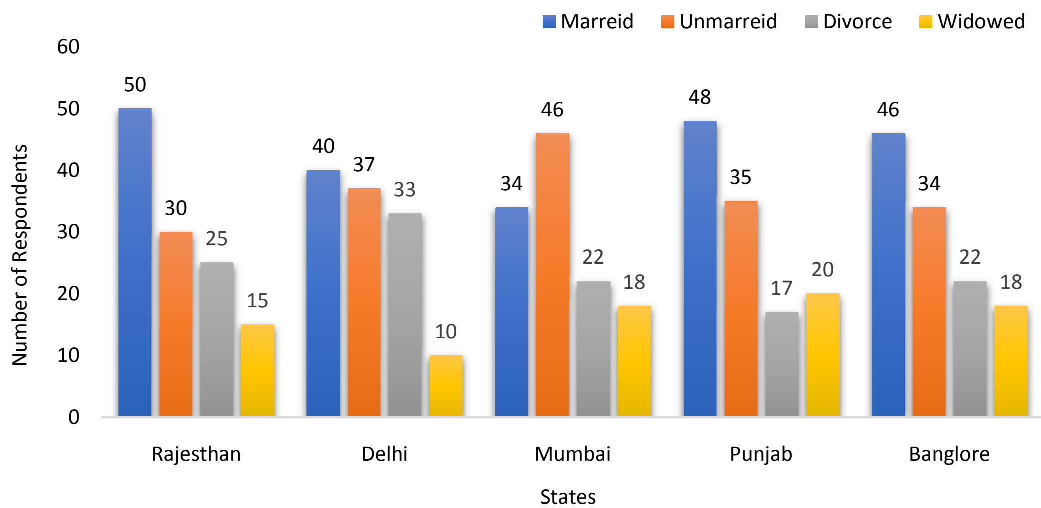


**Figure 8: Illustrates the Marital Status of Women Entrepreneurs who were Belongs from the Several States.**

## 5. CONCLUSION

While in the previous women were only allowed to work in the home, today's women are actively involved in the industrial, trade, and service sectors. Women who participate in economic activities increase their self-reliance as well as their assurance. They, therefore, can improve their families' standard of life while also advancing the economy of the country. Despite many obstacles, women entrepreneurs have proven their ability to manage not only small businesses but also to turn companies into immensely profitable massive corporations. Governments must not only promote various initiatives for women entrepreneurs on a broad scale but also set up particular resources to facilitate women entrepreneurs in this ever-changing market. The government and the families of women should inspire women to grow their ability and professional skills which introduces a major difference in society. It is the responsibility of both the government and families to educate the girl child and provide effective education which assists them to grow intellectually and physically, this results in them being capable to contribute towards economic development.

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# CHAPTER 20

# COMPREHENSIVE REVIEW ON ECONOMIC GROWTH AND CONDUCIVE ENVIRONMENT FOR THE DEVELOPMENT OF A COUNTRY

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***ABSTRACT: A branch of economics that focuses on environmental concerns is called environmental economics. Due to the increase in environmental concerns in the twenty-first century, it has become a subject of frequent research. Environmental economics will make it easier to understand some of the important and controversial topics including climate change policy, nuclear power, recycling laws and traffic congestion charges. This area of economics is fascinating to study and centre of many conflicts and public discussions. The purpose of this paper is to review the recent literature on the economic and environmental dimensions of the location problem. The goal is to research exhaustive literature to pinpoint the characteristics of the environment and economics. A major in economics helps people achieve what they want, regardless of the future. People can make better decisions and solve more issues if they understand how markets operate, how regulations affect outcomes, and how economic forces shape social institutions. This leads to achievement in both job and life in the future by knowing the proper factors related to the economic and environmental relation.***

***KEYWORDS Development, Economic Growth, Environment, Economics, Resources.***

## 1. INTRODUCTION

The efficient distribution of environmental goods is the main objective of the economics discipline known as environmental economics. Since this environment provides both specific importance and raw resources for economic activity, the economy and the natural world are intertwined. Because of this, how the economy is managed influences the environment, which then has an impact on both how well people are treated and how well the economy operates. Environmental economics considers topics including protecting and evaluating natural resources, reducing pollution, managing and reusing waste, and effectively developing emissions limits. Population change can have many effects on the economy, environment and society. Carrying capacity, or the amount of people that an environment can sustain without harmful effects, is a concern related to population. The number of resources and pollutants that can be maintained without significant changes are also included.

Living things must adjust to the new amount of consumption or find alternative resources if the carrying capacity is exceeded. The number of resources used, the size of the human population, and the amount of pollution and environmental damage that occurs, after all, have an impact on carrying capacity. However, excellent management and the creation of new resource-saving technologies can lead to an increase in carrying capacity, which does not need to be fixed. Sustainable development policies that try to strike a balance between the needs of the present and the resources needed in the future sometimes begin with human settlements. During the 1995 World Summit on Social Development, sustainability was described as a framework for achieving a greater quality of life for all people in which economic growth, social development and environmental protection are mutually and mutually beneficial components [1]. The 2002 World Summit took the process forward by outlining three primary goals for sustainable development ending poverty, preserving natural resources, and changing unsustainable patterns of consumption.

### 1.1 Limitless economic growth counters sustainability:

To use a metaphor from systems thinking, a human can consider economic growth in its most basic form as a tight loop. Growth supports growth in the same way that a snowball collects additional layers as it rolls down a snow-capped hill [2]. Economic expansion has many advantages in the short run: the more nations and enterprises prosper and flourish, the more people have access to resources, jobs, and a higher standard of living. At this point in human history, technology has made possible unimaginable leisure, worldwide travel, instant communication and miracle products. As customers want more and more because of all these technological wonders, economic expansion feeds itself [3].

But as it expands, the economy consumes natural resources and produces waste, polluting the air and endangering the fragile environment that supports life. Behind the scenes, there are additional positive feedback loops resulting from the unrestricted use of natural resources such as oil and gas, which fuel economic growth, and also from technological advances, which draw one of the last of Earth's energies from the atmosphere [4]. These countervailing forces undermine the basis of economic growth and, over time, create a sinkhole that will engulf the economy, the environment, and society [5]. Using energy resources and trying to differentiate oneself are two factors influencing economic progress. Consumerism in today's society is founded on the need for this fundamental human importance, that more goods give more weight to a person in the eyes of himself and others [6].

Another reinforcing loop is created by this process. This demand does not end when consumerism falls short of meeting it. Instead, it increases the purchase of goods and services that support economic expansion. But what if people could embrace consumerism that turns economic expansion into a different strategy to make a significant impact [7]. Imagine that we could dedicate ourselves to a worthwhile goal. Such a goal would not only enable us to reduce our dependence on economic growth, but it would also fill a hole in our lives, enable us to stand out appropriately and allow us to leave our mark on history. Figure 1 shows the environmental and economic factors in different ways.

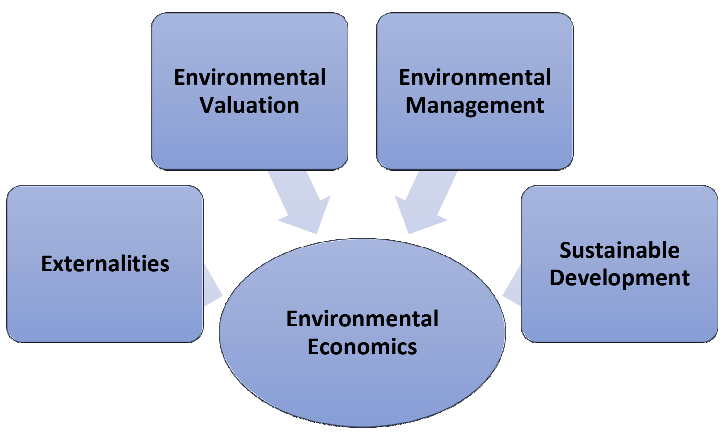


**Figure 1: Illustrate the environmental and economic factors in different ways.**

It may be possible to strike a balance by encouraging our competitive spirits and the pursuit of importance, for example, by developing state-of-the-art helidecks that can replace long-distance travel or by developing the most effective ways to reduce hazardous vehicle emissions [8]. Such goods will undoubtedly find a market and positive attention from the individuals engaged in it, fulfilling the need of importance as well as urging to preserve our planet for generations to come.

A greater emphasis on sustainability and less emphasis on economic growth is the first step in striking a balance between the two, no matter which path we choose. Authors have reached the end of that journey, so we must not hold back from solving the problem for the next generation and then the next generation [9]. Our children will already experience the effects of this routine delay of messy answers in their lifetime. People just need to re-evaluate our half-hearted measures of recycling and work on developing alternative energy sources and humans must understand the urgency and take action [10].

There are several connections between both the economy and the environment along with the latter's role as a sink for trash including pollutants [11]. Numerous businesses depend on natural resources as inputs, yet producers and consumers may put a strain on the environment via pollution and other ways. Poor environmental quality also affects economic growth and well-being, for instance by lowering resource availability and quality or by having a negative influence on health. Environmental protection measures in this context may lessen the negative consequences of the economy on the environment, and vice versa. Furthermore, depending on when they are created and implemented, there is much debate on their efficacy as well as whether they provide us with a net economic benefit or cost to society [12].

Although the main processes connecting the economy and the environment are fundamentally recognized, the assessment of environmental policies is often hampered by the lack of valid metrics to evaluate the advantages and disadvantages of policy change or a general dearth of empirical data. The advantages of new policies, as well as the financial consequences of the biophysical and environmental impacts of inactivity on policy, frequently are not quantified. As a result, the very clear consequences of policy action often take centre stage in economic discussions. Therefore, it is important to increase the toolkit employed by economists to evaluate the benefits of environmental policy. This global forum aimed to clarify this important topic.

## 2. DISCUSSION

The field of economics known as environmental economics focuses on the financial implications of environmental regulations. To find out the theoretical or empirical consequences of environmental policy on the economy, environmental economists conduct research. It helps governments formulate effective environmental policies and evaluate the benefits of current and new programs [13]. Concerns over environmental degradation, pollution and climate change, as they affect the future development of both emerging and industrialized countries, have increased in recent years. Delegates from more than 150 countries gathered in Rio, Brazil in 1992 to debate environmental concerns and their implications for global development. “United Nations Conference on Environment and Development (UNCED)” or "Earth Summit" is the name of the gathering to be held in Rio.

The conference introduced the idea of "sustainable development" and outlined the links between environmental issues. This has increased awareness of the environment and made it easier for nations to work together to prevent damage to the environment, especially by reducing emissions of greenhouse gases (GHGs) such as carbon dioxide. The welfare and growth of the people in both emerging and wealthy nations would suffer if global warming is not controlled [14]. Environmental economics, which examines how the economic actions of producers and consumers affect the ecological environment and explains policies to enhance the quality of life of current and future generations, has developed in recent years by economists has attracted attention. Environmental concerns are particularly important for emerging countries when widespread poverty and the imperative need to accelerate economic growth exist [15].

Today more than ever, there is a direct conflict between economic progress and the environment, especially in emerging countries such as India with rapidly growing populations and widespread poverty. Emerging nations are working very hard to strike a balance between rapid economic expansion and environmental concerns to preserve their natural resources. The acceptance of strategic planning in India and other developing nations that prioritize large-scale modernization, energy-intensive innovations, and agricultural technology predicated on biochemicals while going to adopt the indigenous concept and ignoring local produce self-sustaining innovations has caused environmental degradation.

According to Prime Minister Manmohan Singh, who made this statement during a recent gathering of state environment ministers in August 2009, the country's ecological disaster has created a "dangerous scenario". State governments to tackle climate change, and clean regulate waterways' for environmental pollution [16]. This claim draws attention to the fact that India is developing rapidly at the cost of the country's environment. This shows that researchers are not acting accordingly to ensure sustainable development.

To curb the ongoing depletion of our natural resources and safeguard the environment from contamination, rigorous regulations and incentives are required. However, as the Prime Minister said, because of widespread corruption in the bureaucracy, laws controlling the use of our environmental assets and the preservation of the ecosystem have been flagrantly violated. The Ministry of Environment and Forests has often broken rules to approve dubious projects at the cost of the public and the communities that depend on it.

### 2.1 Economy-Environment Relations:

Modern accounting deals with a variety of free services and resources that the natural world provides us apart from money issues. How economic activity and policies affect the environment in which we live as well as how the environment sustains economic activity is discussed in environmental economics. It is important to explain the relationship between the economy and the environment. To maintain life, supply resources for consumption and production absorbs waste products, and provide recreational activities, the environment promotes the growth of human employment in four different ways. The economy operates within the environmental system, and its actions have an impact on both the economy and the environment. Market systems, which facilitate interaction between producers and consumers, include economies with productive businesses and customers [17]. Producing products and services to meet consumer expectations is the aim of economic activity. The economy uses labor, saved-up capital, and natural resources from the environment to produce commodities and services, including coal, diesel, minerals, CNG gas, oil, petroleum, and metals.

Resources fall into two categories: renewable and non-renewable. When the stock of a resource is exhausted, its amount can be replenished. Examples of renewable resources are forests and fisheries. For example, new trees can be planted to compensate for deforestation caused by cutting down trees, similarly, new fisheries can be created [18]. On the other hand, non-renewable resources are those whose shortfalls cannot be compensated for due to their use. Non-renewable resources include coal, iron ore and crude oil because humans are unable to manufacture them. They also go by the name of complete resources. It must be assumed that the economy converts resource inputs into outputs. For example, wood is turned into paper through a manufacturing process, while crude oil is processed to make gasoline.

The term "environment" refers to all natural resources, including the world's oceans, atmosphere, land, ecosystems including flora and fauna, and all mineral and metal deposits beneath the Earth's surface. The environmental system in which the economy operates is represented. Similar to how the economy works, businesses create goods and services using labor, human-made capital, and natural resources to meet household consumption needs. The environment and the economy are intertwined in many ways.

The environmental system, which includes the air and atmosphere, rivers, fertile soil, and biodiversity i.e., the variety of plants and animals life on which family life depends, first provides a chemical, physical and biological, system that enables humans to survive. They are important to him and indispensable to him. There will be a very negative impact on human existence if these conditions given by the environmental system are significantly reduced. The arrow pointing to the economy at the top of Figure 2 shows the life-supporting role of the environmental system.

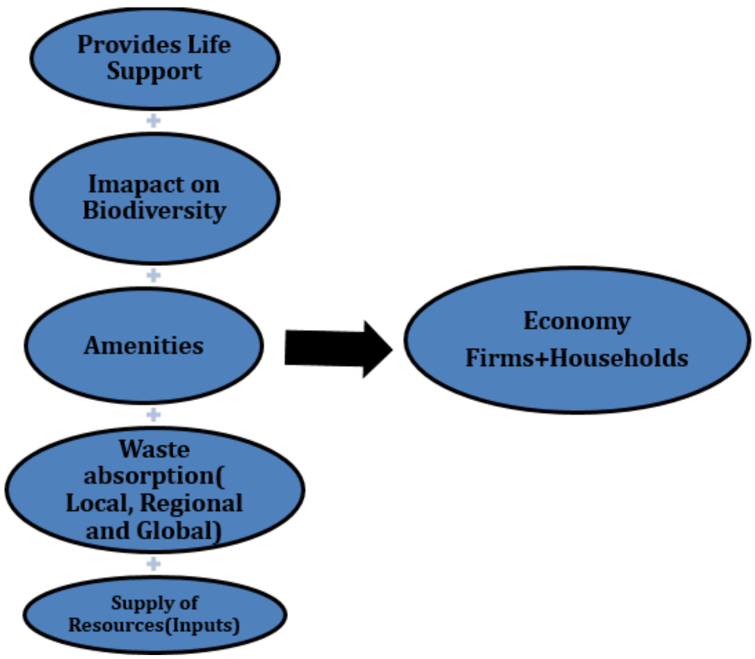


**Figure 2: Illustrate the role of the environmental system.**

Second, the environment supplies resources for production and use by businesses and households in the economy, including raw materials and energy sources such as minerals, wood metals, food, and cotton. These natural resources can be replenished or not. To protect certain non-renewable resources for future generations, efforts should be made to identify suitable artificial replacements. For example, solar energy can be used to reduce the use of coal. In addition, sustainable practices can be implemented for the use of renewable resources. For example, to prevent desertification from the effects of deforestation, new trees must be planted to replace lost trees. The opposing flow of possessions from the economy to the environment and how renewable resources are used. Coal and crude oil are non-renewable resources, and using them permanently depletes their reserves.

The ability of the environment to absorb waste products like carbon dioxide (CO2) from industrial operations, power plant operations, or household consumption activities that generate waste for collection and disposal is an important function of the ecosystem. Hence the environment is used as a garbage sink. Waste can take many basic forms including solid, airborne and waterborne. It's crucial to remember that the environment has a low capability to either absorb these pollutants or dispose of them properly, that is, to transform them into innocuous molecules. For instance, the oceans and tree growth both eat a portion of the carbon dioxide gas that drives global warming. Global warming is a result of widespread reforestation and the oceans' inability to absorb enough carbon dioxide.

From this perspective, it is important to note that the warming of the Indian Ocean has disrupted the weather patterns of the subcontinent and reduced rainfall in India, which is a major source of income for farmers. Consequently, it has been proposed that halt the acceleration of global warming, carbon dioxide emissions should be reduced and alternative methods of absorbing these emissions should be used. Additionally, we must take action to adapt to climate change. Fourth, the environment gives individuals access to direct sources of amenities such as natural beauty that make them happy and satisfied. Many tourists are attracted to the Kashmir Valley and some areas of Kerala as the beauty of these places makes people happy. Despite not being essential to life, these facilities provide a source of pleasure and a little bit of luxury to individuals.

It should be emphasized that some components of the environmental system can serve multiple purposes. The oceans, for instance, "have a significant part in defining the life-support system given by the globe and environment; they are providers of numerous minerals and other products; they digest many various wastes, and ultimately offer room and chance for enjoyment." Additionally, environmental roles may be antagonistic or complementary. For example, the ability of the ocean to serve as a habitat for fish stocks would be reduced by improper deposits of waste there. Forestry strategies of increasing plantations can guarantee a sustainable method of reducing soil erosion, supporting a life-supporting function, a resource for timber, natural resources supply potential, and absorption of carbon dioxide from the environment, i.e. waste absorption purpose.

It is clear from the above study that there is an important relationship between the environment and the economy. Increased energy consumption, which nowadays mostly stems from fossil fuels such as coal, gasoline and diesel, is related to economic progress, particularly industrialization. Before the advent of the contemporary industrial age, humans used biomass for cooking and space heating, as well as other economic tasks using human labour and the power of domesticated and raised animals for a variety of useful functions. However, industrialization and rapid population growth have forced an increase in energy consumption as human and animal muscle power is no longer sufficient to meet demand. As a result, it was necessary to employ energy supplied by fossil fuels to manufacture the goods and services needed to meet their growing demand. It is important to remember that energy is also produced using water or coal in projects and project or thermal power stations.

Fossil fuel energy used in industrial development causes external anomalies by contaminating the air and water and using up natural resources such as water, minerals and forests. Thus, rapid industrialization in wealthy countries has released significant amounts of carbon dioxide and other greenhouse gases, which have had negative impacts on our environment and caused global warming, which will have devastating effects on the next generation. Furthermore, an important feature of our economic development in the past was characterized by a complete disregard for the use of vital natural resources. To meet the fundamental increase in demand of the present generation at the expense of future generations, this is why there has been a continuous and wasteful expansion in the production of goods and services.

If this pattern of increasing consumption and growth continues, fossil fuels, now the world's primary energy source, will be fully exploited. After this, the effect of industrial development will end and economies will become stable. Therefore, it is really necessary to use sustainable energy sources like solar energy. The natural wealth of the earth and our ability to use it for good is, once again explain Mr Pachauri, straightly the gift of the sun, a truth that most of us hardly dwell on. Nowadays. People feel that the era of fossil fuels must end and widespread use of renewable types of energy is undoubtedly the way of the future.

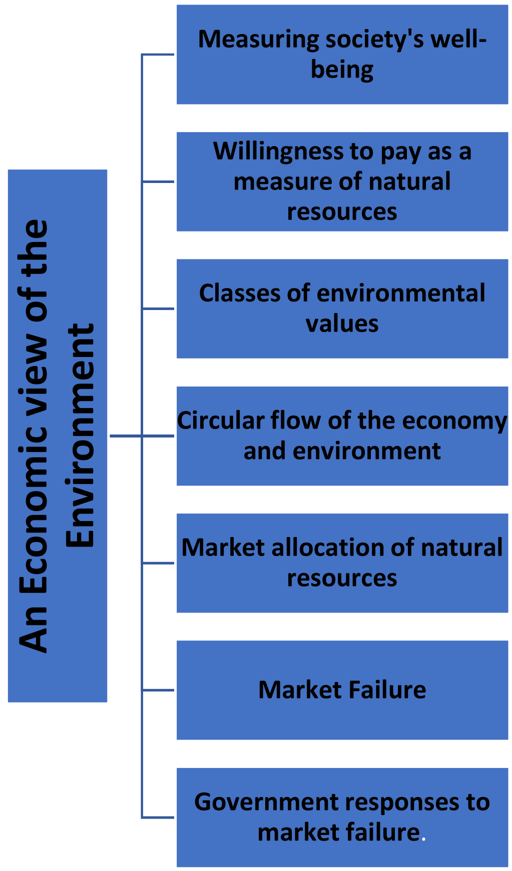


**Figure 3: Illustrate the economic view of the environment.**

The field of economics known as environmental economics focuses on the effective distribution of environmental goods. The economy and the environment are linked because the environment supplies both direct value and raw materials for commercial activity. Because of this, how the economy operates has an impact on the environment, which subsequently affects human well-being and the health of the economy as also shown in Figure 3. Environmental economics considers topics including protecting and evaluating natural resources, reducing pollution, managing and recycling waste, and effectively developing emissions limits.

*2.2 Strategies in Environmental Economics:*

Environmental economics is interested in pinpointing specific issues, yet there are other ways to solve the same environmental problem. For example, a state has several options if it wants to switch to renewable energy. The government could set a cap on carbon dioxide emissions, or it could use more incentive-based strategies, such as levying emissions tariffs by volume or giving tax breaks to businesses that switch to renewable energy sources. All of these strategies rely on government interference in the market, although some choose to remain passive while others may be more proactive. Ecological economic policy is influenced by the level of politically permissible government action. Environmental economics often results in two different types of policy:

i. *Prescriptive Regulations:*

The government conservatively prescribes specific actions to reduce environmental damage. For example, it may refuse highly polluting companies or demand certain emissions-control technology.

ii. *Market-based Regulations:*

Economic incentives are used by market-based policies to promote desirable behaviour. For example, cap-and-trade policies impose financial penalties on polluters, even if they do not prohibit businesses from doing so. These incentives encourage businesses to cut their emissions while placing restrictions on how they do it.

*2.3 Challenges of Environmental Economics:*

Due to the nature and often international economic importance of environmental goods, environmental economics typically demands a worldwide perspective. An environmental economist could, for instance, recognize overfishing as a market distortion that needs to be addressed. The United States may regulate its fishing zones, but the issue will not be resolved until several other countries take similar steps. Due to the nature of these environmental challenges, non-governmental organizations (NGOs) such as the Intergovernmental Panel on Climate Change (IPCC), which hosts annual meetings for heads of state to discuss global environmental policy, have increased in popularity.

Another challenge is how much environmental economics research affects other sectors of the economy. The conclusions of environmental economists often generate discussion, and it might be difficult for governments to implement their suggestions due to the complexity of international markets. The many carbon credit marketplaces are an illustration of the unorganized worldwide implementation of environmental economics ideas. The Environmental Protection Agency's fuel economy standards are one further illustration of the delicate balance necessary for policy concerns relating to the Environmental Protection Agency (EPA).

Environmental economics-based policy ideas often give rise to heated political discussions in the United States. Developing meaningful environmental policy is challenging because leaders rarely agree on the extent of external environmental costs. The EPA hires environmental economists to evaluate suggested policy changes. Then, these suggestions are reviewed and evaluated by legislative bodies. The EPA-controlled National Center for Environmental Economics prioritizes market-based solutions, such as cap-and-trade regulations for carbon pollution. His top policy concerns include promoting the use of biofuels, estimating the costs of climate change, and addressing waste and pollution issues.

## CONCLUSION

Although the current location literature has steadily moved towards emphasizing social and environmental factors in addition to economic factors, when deciding where to locate things, and places that refer directly to sustainable development it is unusual to see examples of issues.The study currently one of the main contributions to the expanding body of knowledge on this subject was chosen through a rigorous interdisciplinary review process, despite the absence of a clear connection to the notion of placing permanent facilities.

Future researchers will gain a new understanding of the idea of permanent facility space from current research and will support further progress. The goal of this paper was to suggest a decision-making method or consistency parameters for the location dilemma. The objective is to identify possible research areas by doing a literature review on that particular issue environmental, social, or sustainable aspects of the site issue and also understand these issues related to the economy. Sustainable growth won't be achievable until site selections are based on a complete grasp of the potential economic, environmental, and social ramifications because it will also affect the future of economic growth.

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# CHAPTER 21

# REVIEW OF THE ECONOMICS OF A GLOBALIZED WORLD WITH SPECIAL EMPHASIS ON THEIR COMPONENTS

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***ABSTRACT:In general, economic globalization usually refers to the closer economic integration of the world economy with the world economy, particularly through financial and trade movements, including trade in products and services, money flows, and commerce. The problem arises due to less economically globalized countries such as a lack of multinational partnerships, market-oriented financial policies, and lack of progress in science and technology. The author focuses on the benefits of economic globalization in the world such asincreasing the effectiveness of businesses, contributing significantly to global economic growth, and establishing the physical groundwork for the expansion of higher education. In this paper, the author discusses the component of globalization, the economic impact on developed countries, and technological globalization.It concluded that economists can contribute to the formulation and evaluation of policies that provide the maximum potential benefit to all parties involved in this more dynamic and international economy. In the future, the fact remains that the national interest, which will be for various services and will go beyond economic efficiency, must evolve with globalization.***

***KEYWORDS: Economics, Economic growth, Globalization, Technology, Trade.***

## 1. INTRODUCTION

Political globalization, cultural globalization, and the broad word globalization are the other two key characteristics of globalization that are frequently discussed in academic literature. Economic globalization is one of these dimensions. The broad worldwide circulation of products and capital is referred to as economic globalization [1],[2]. By accelerating cross-border trade in goods, services, investment, and technology, important national and local economies are becoming more economically intertwined and integrated [3],[4].Production, financing, marketplaces, technologies, organizational systems, institutions, companies, and people are the fundamental aspects of economic globalization [5],[6]. Since the beginning of international commerce, there has been an expansion in economic globalization, however this growth is mostly due to improvements in long-distance transport effectiveness, telecommunication technologies, and the value of information rather than capital equipment in the market world also as a result of the advancement of technology and science [7],[8]. The globalization rate also increased in the framework of the General Agreement on Tariffs and Trade and the World Trade Organization, wherein countries gradually lowered barriers to trade as well as opened national account balances and marketable securities.

Recently, there has been a development that has been fuelled by industrialized economies integrating more developing nations through large-scale international investment, decreasing the cost of doing business, reducing trade barriers, and frequently, cross-border migration. The impact of globalization and cross-border capital flows has altered the linguistic requirements of the labor market in the countries of the Global South. English has become a crucial language for both internal and external communication across a range of work sectors since it is the dominant language of globalization and the globalized economy. Our examination of job postings on the most well-known job board in Vietnam serves as an example of how the language environment of the employment market is evolving. Employers want more than just a basic command of the language when looking for candidates for jobs;

they also expect job candidates to be able to communicate effectively in it. Importantly, employees are not required to provide local or international English proficiency certifications or grades from academic English courses as proof of this competence.

Globalization results in concepts, information, goods and services crossing national and global boundaries. The term is used in commerce to describe interconnected economies that have free trade, unrestricted flow of capital between countries, and easy access to global markets for goods and jobs to move wealth and society. As is known in different parts of the world, globalization is driven by the merging of cultural and economic systems. This convergence promotes global interdependence, integration and interdependence and is required in some cases. When more countries and regions are officially, culturally and economically linked, the world becomes more globalized.

*1.1. Working Process of Globalization*:

In a global economy, nations that specialize in certain commodities and services and possess a competitive advantage tend to prosper. This frequently suggests that they are able to produce their resources more affordably than other countries while yet utilising them more effectively. In theory, if each country concentrates on the things, it does best, world production should be considerably more efficient, prices must be lower, economic progress should be universal, and all nations should prosper.

Policies that promote open borders, unrestricted trade, and international cooperation help economic globalization. They make it possible for firms to access inexpensive Labor markets, low-cost raw materials, and parts, and enormous and expanding global marketplaces to sell their products and services.More quickly than ever before, goods, people, information, and money transit international borders. Technology developments have facilitated and expedited this flow, leading to global interconnections and interdependencies. The telecommunication & transport industries have seen the most notable technological advancements.

*1.2. History of Globalization*:

The idea of globalization is not new in the past, traders would travel great distances to purchase rare and expensive goods to sell in their houses. Transportation and communication innovations brought forth by Industrialization in the 19th century made international trade easier [9],. According to the think tank Peterson Institute for International Economics (PIIE), when countries raised import duties to more closely safeguard their sectors following World War I, globalization halted and protectionism emerged launch

Completed. Despite the Great Depression in the 1930s II, this pattern persisted until the United States.It did not substantially contribute to the revival of world commerce. Over the past 20 years, governments all over the world have incorporated a free market economic framework through trade agreements and budgetary measures. The elimination or decrease of tariffs is the basis of the majority of trade agreements. In many nations, more industrialization and financial possibilities have resulted from the growth of economic systems. Governments are increasingly concentrating on lowering trade obstacles and fostering global trade.

The present paper is a study about the phrase economic globalization refers to the increasing interdependence of the world's economies, the growth of cross-border trade in goods and services, the transfer of wealth across international borders, and the rapid and widespread adoption of emerging technologies. This study is divided into several sections, the first of which is an introduction, followed by a review of the literature and suggestions based on previous research. The next section is the discussion and the last section is the conclusion of this paper which is declared and gives the result as well as the future scope.

## 2. LITERATURE REVIEW

Madhavi Kapoor and Vijita Aggarwal [10] have explained that trace the development of the dynamic capabilities theory in the foundational theories of strategic management and economics. The approach employed compares and contrasts different theories of international business with the dynamic capabilities concept and its three key components, namely, adaptive capability, absorptive possibility, and innovative capability in the framework of multination's. Its finding shows that the inadequacies of the earlier models have been incorporated into the modern notion of dynamic capacities. It was concluded that there had been an effort to give company managers some guidance on how to deal with the dynamism of the world markets.

Parisa Samim and H. S. Jenatabadi [11] have explained the impact of comprehensive measures on the growth impact of globalization as well as the impact of economic globalization on the Organization of Islamic Cooperation (OIC) nations. According to the author, a dynamic panel data methodology is used in conjunction with the generalized method of moments (GMM) estimator. Its findings indicate that favorable effects are amplified in nations with educated labor and advanced financial systems. It was shown that the global economy not only directly but also indirectly stimulates growth through complementing changes.

Linh Dieu Doan and M. Obaidul Hamid [12] have explained thatthe impact of globalization and cross-border capital flows has altered the linguistic requirements ofthe employment market in developing economies of the world. By looking at two examples of job adverts, the author claims that there is a need for English competence in the Vietnamese labor market. The result demonstrates that, although these requirements differed across work sectors, English proficiency and its increasing relevance were becoming more and more important. It was concluded that when students are ready for the workforce, they will clearly understand the need for English.

Min Gon Chung et al. [13] have explained that a complex network of tourism has emerged in the globalized world as a result of the dynamics in international tourism connections and the key elements that drive those dynamics. According to the author, research and social network modelling may be used to map out the structure of international tourism systems and identify the factors affecting how the number of visitors from across the world travels through time. The findings indicate that over time, international tourism networks have grown more concentrated and that lower transaction costs are more crucial for drawing in visitors from outside than are cultural and natural attractions. It concluded that international visitor flows are impervious to political unrest and terrorist dangers.

Calderon and Poggio [14] examined the structural elements that might affect the impact of trade liberalization on the Gross domestic product (GDP). The growth advantages of increased trade openness depend on how far structural sectors like innovation, institutions, technology, regulation, and financial development have advanced. These structural areas include education, infrastructural facilities, and institutions. They discovered that the lack of development in certain sectors can limit the advantages of economic openness.

Gu and Dong [15] emphasized that the degree of financial growth in economies has a significant impact on whether financial globalization has a negative or positive growth effect. In reality, the development will be replaced by instability if financial openness occurs without any reform in the financial systems of nations. It indicates that sample, different statistical tools, period parameters, and observable and undetected country-specific influences all affect how much economic globalization affects economic growth.

The above study shows that the trace the development of the dynamic capabilities theory in the foundational theories of strategic management and economics as well as the dynamics of international tourist networks and the fundamental variables that influence those dynamics have given rise to a complex system of tourism in the globalized world. In this study, the author discussed the economic impact of developed countries, a global source for country GDP data, and the relationship between trade and foreign direct investment.

## 3. DISCUSSION

The goal of globalization is to increase market efficiency in order to improve economies. A more equitable distribution of income is anticipated as a result of increased global trade and competition. The opposite side claims that cross-border trade will reduce military conflicts. However, promoting global trade has disadvantages. Some critics attribute nationalist movements and income disparity to globalization, among many other issues.

### *3.1. Components of Globalization*:

The Human Development Index (HDI), industrialization, and GDP are all aspects of globalization HDI. Gross domestic product, which measures a nation's entire economic output, isthe combined market value of all finished goods and products produced within its borders in a given year. Industrialization is the process of changing a country into a contemporary industrialized, or developed nation, to bring about social transformation and economic progress. Three factors make up the Human Development Index: average lifespan, skills and education of a community as determined by adult literacy, and income.

#### *3.1.1. Human Development Index*:

The United Nations created and collated the HDI statistic to gauge the levels of economic and social development in various nations.The average total number of years spent in education, the projected number of years spent in education, the expected life expectancy, as well as the gross national income (GNI) per capita make up this indicator. This index may be used to compare the rates of development in different countries and track shifts in economic rates over time [15]. For HDI, the following is critical: The HDI is a set of measurement tools used by the General Assembly to evaluate each country's degree of human development. It ranks and compares the HDI nations based on characteristics including average family income and training credentials.. Social activists and economists have criticized the HDI for providing just bare-bones measures of economic lifestyle quality and failing to attempt to reflect a comprehensive enough assessment of life quality.The HDI was created to focus on people or, more precisely, on their prospects of experiencing fulfilling jobs and life. In addition to taking into account conventional economic development metrics like GDP, the assessment of a nation's capacity for independent human development offers a second meter for determining a nation's degree of development. When two countries, for instance, have about the same GNI per capita but achieve vastly different results in terms of human development, the HDI may be used to analyze the many policy decisions made by those countries. Supporters of the HDI intend to utilize it to promote such fruitful public policy discussion.

#### *3.1.2. Gross Domestic Product (GDP)*:

It is the total amount or marketplace value of all finished goods produced inside a country's borders over a specific period of time. As a comprehensive measure of the total domestic production, it serves as a scorecard for the state of a certain country's economy. Even though GDP is frequently estimated annually, it can also be computed quarterly. For example, the U.S. government releases yearly estimations of GDP for both the fiscal quarter and the entire period. Price changes have now been taken into consideration since each of the several data sets within that report is provided in actuals, thus the information is net of inflation. GDP is significant for the globalization of the economy because the domestic product or GDP Figure 1 shows how GDP,It measures the value of all finished goods and services supplied in a country during a specific time period and may be used to estimate the size and pace of economic growth.Once complete, GDP may be determined using three different methods: spending, production, or income. Real GDP accounts for the impacts of inflation, which nominal GDP doesn't really, and despite its limits, GDP may aid in the strategic decision-making of policymakers, investors, and enterprises. It can be altered to offer deeper insights regarding inflation and population.

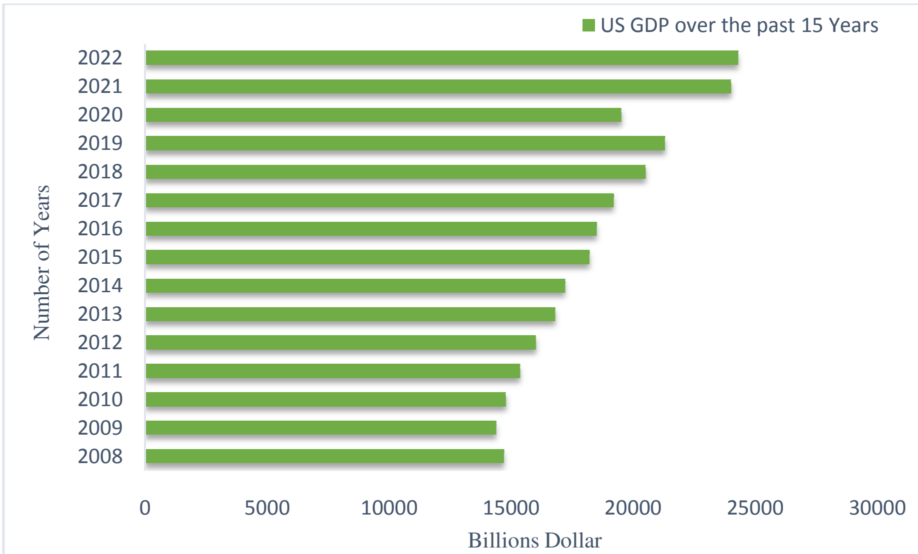


**Figure 1: Illustrates the United Nations GDP over the Past 15 Years, Including the Overall Decline in Real Economic Performance During the Period.**

*3.2. Economic Impact on Developed Countries*:

Businesses are being forced by globalization to adjust to the changing methods based on fresh ideological fads that try to strike a balance between the individual's as well as the community at large rights and interests.This shift also acts as a signal for business leaders, employees, and management by properly acknowledging the involvement of employees and the administration in the formulation and execution of firm policies and programs. This change makes it possible for companies to compete on a global scale. Company collaborations with financial institutions and alliances with both domestic and foreign companies can help reduce risk via diversification.Reorganization is a result of globalization on a global, national, and subnational scale. In particular, it causes the reorganization of industry, global commerce, and financial sector integration.The economic and social connections under global capitalism are influenced by microeconomic factors like internationalism and trade competition. Changes in manufacturing processes have an influence on the class structure, the labor processes, the utilization of technology, in addition to the structure and management of capital. Employees with lower levels of education and expertise are increasingly seen as being disadvantaged by globalization.

Expansion of a business will no longer always translate into more jobs. It can also result in better compensation for capital due to the higher mobility than labor. Three main elements seem to be at work in this phenomenon: technology, globalization, and regulations of all financial and goods markets. Growing financial integration towards economies of scale and specialization is referred to as globalization of the product and banking system, and it will lead to more trade in financial products both through capital outflows and cross-border entrance activities. The accessibility of information and communications technologies, in particular, has facilitated the distant distribution and created new access and distribution networks, enabling non-bank entities like utilities and telecommunications to enter the financial services industry and enhance their manufacturing capacity. Deregulation is the process of liberalizing markets and geographical boundaries for goods, capital accounts, and financial services. By providing a larger range of services, allowing the entry of new suppliers, and increasing a subset of a larger and stronger cross-border activity in several markets,a company's ability to control real and intangible elements that encourage customer retention, regardless of location, is considered to as power in a global market. A corporation may satisfy global standards and access a worldwide network irrespective of company size or location by utilizing its best assets, including its concepts, capacity to function as a world-class thinker, creator, and trader, and connections.

*3.3. Global source for country's GDP data*:

One of the most trustworthy web-based databases is one that the World Bank hosts. This is among the greatest and most complete lists of nations for whom GDP data is tracked. Through its several archives, including the World Economic Outlook as well as International Financial Statistics, the International Monetary Fund (IMF) further offers GDP information. Another very trustworthy source of GDP information is the Organization for Economic Co-operation and Development (OECD). In Figure 2, the OECD presents both historical information and GDP growth predictions.Utilizing the OECD database has the drawback of only tracking OECD members and a small number of non-members. The Fed in the United States gathers information from a variety of sources, including the World Bank and the nation's statistics bureaus. The lack of GDP data updates and the lack of data for some nations are the only drawbacks of utilizing the Fed database. United States Bureau of Economic Analysis (BEA) a section of the United States Commerce department, each GDP presentation generates its analysis paper, which is a fantastic tool for investors to analyze facts and trends and read the highlights of extremely lengthy complete releases.

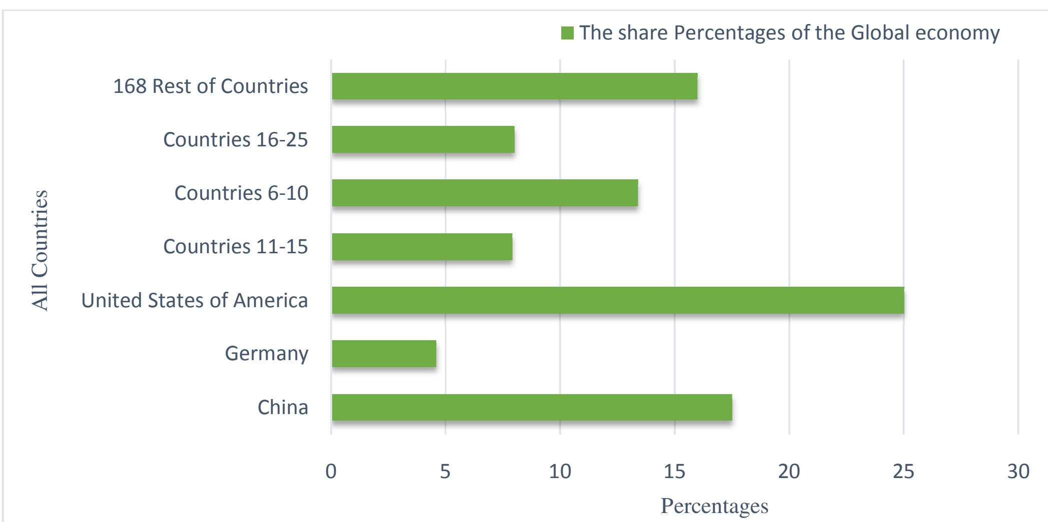


**Figure 2: Illustratingthe Percentage of the World Economy while 168 Nations Outside the Top 25 Make Up Less than 5% of the Whole world Economy**.

*3.4. Relationship between Trade and Foreign Direct Investment (FDI)*:

It is seen as a primary driver of commerce, and trade and direct investment are complementary. A resident of one nation, including a firm, acquiring a long-term stake and some level of control in the administration of a business venture in another country is known as an FDI. Multinational firms (MNCs), which source manufacturing internationally, have used FDI to foster the creation of global value chains. As a consequence, the majority of commerce occurs within multinational corporations that transport components from domestic and international sites to create finished goods.As a result, FDI has encouraged a considerable increase in intra- and intra-firm trade, which refers to transactions between parent businesses and their overseas affiliates as well as transactions between foreign firms and subsidiaries of the foreign parent corporation. To offer services and goods in international markets is one of the main reasons American businesses invest abroad. Many businesses desire to remain operations near to their clientele to monitor popular American preferences and tastes. Consumer preferences may vary, like in the case of Americans favouring SUVs and Japanese buyers favouring tiny automobiles.The most recent information available on the operations of US multinational corporations shows that in 2018, 13% of sales made by the US abroad affiliates went to All of our parent businesses, 60% of sales have gone to the host country's local market, and 35% flowed to other international companies. Country. To substitute exports or manufacturing, acquire a supply of raw materials, or find cheaper labor elsewhere, some businesses may also establish operations abroad. With access to the US consumer market, a highly trained workforce, and other advantages, foreign businesses may invest here.

### 3.5. *Technologies Globalization*:

Due in part to the enormous expansion in worldwide information and communication access, technology has a significant impact on how globalization is currently occurring. However, it is also partly due to the speed of such technology, which enables people to acquire information, make choices, and act more swiftly than before. These developments then often democratize information exchange. Indeed, as the price of technological hardware declines, another democratization trend emerges the level of competitiveness shifts from one among nations to one between people, allowing the poor to participate on more equal terms with the affluent.Though at the highest technological level, competition today increasingly occurs between people in wealthy and poor nations, even if the modern years of world economic competitiveness have been characterized in part by Asian tiger economies going to catch up with their Western counterparts.

They are now able to compete with the finest of the West while still living in Bengaluru, India, or Shenyang, China. Globally, the outcome is a faster rate of change and a sharper increase in economic competition. Western governments are more eager than ever in these circumstances to maintain their workforces competitive by redesigning their learning environments to match these needs.International comparisons of education are produced as technology accessibility, interaction speed, and market dominance all rise. Now, according to government advisers, education must be of the highest caliber on the earth. Governments start evaluating their teaching methods less by comparing domestic performances and more by utilizing international comparators as soon as the perspective shifts from national to global. Locally and nationally standards are required to conform to worldwide benchmarks since policy and procedures are therefore viewed as being global in scope. The goal of education shifts as the vision does.

### 3.6. *Beneficial Effect*:

Some economists believe that globalization has generally good effects on economic growth. Numerous studies have examined these consequences to gauge the impact of globalization on the economy of various nations using factors including trade, flows of capital, economic openness, Income per capita, as well as FDI. Even more, has already been done. This research used time-series cross-sectional data on trade, FDI, and investment spending to explore the effects of various dimensions of globalization on growth. Although they analyze how each aspect of globalization affects economic growth, a few of the findings are ambiguous or even conflicting.Overall, nevertheless, it appears that these research's conclusions reflect the views of economists rather than the general public and non-economists. Promotes international trade growth through the application of competitive advantage, which is justified by a high association between the influence of trade flow accessibility and economic growth and profitability.

Capital outflows & associated impact on economic growth are highly positively correlated. FDI has a favorable effect on economic growth in affluent nations and global investment and FDI, leading to greater growth rates. Using time-series data and cross-sectional information on trade, FDI, and investment spending, an empirical study exploring the effects of various aspects of globalization on growth discovered that if a nation does not start trading taxes, it has a lower growth rate. Low levels of globalization are present.More data suggests that in sufficiently rich countries, like most industrialized countries, there is still a positive market. According to the World Bank, integration into international financial markets can have severe consequences in countries with weak domestic banking markets.

## 4. CONCLUSION

Living conditions have greatly improved as globalization has advanced, particularly when assessed by broad measures of wellbeing. But just a few emerging nations and advanced nations have experienced significant growth. Concerns have been raised about the widening income inequality between high- and low-income nations. Additionally, it's alarming how many people live in extreme poverty across the world.Conclusions that globalization has led to divergence and that nothing can done to rectify the situation, however, are untrue. Contrary to common assumption, low-income countries have not yet been able to fully integrate themselves into the global economy, in part because of the strategies they have adopted and in part because of external factors. No country, least of all the poorest, can afford to be shut away from the global economy. Every country should work to reduce poverty. The international community must strive to integrate the world's poorest countries into the world economy, hasten their economic growth, and end poverty through assistance and trade while supporting the worldwide financial system. It suggests that a cohesive global system currently comprises all of the world's economies. When choosing where to create and sell goods and services, major corporations take the entire world into account. In a similar vein, investors in every part of the world base their selection of assets, whether they be financial or physical, on the computation of predicted returns after taxes. However, they can also see that due to political, linguistic, and cultural factors, labor has mostly been nationalized rather than extensively globalized. In the future, the global economy must take into account national borders. Governments around the world have a significant impact on what their own, as well as other economies, develop.

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# CHAPTER 22

# EXPLORATORY STUDY ON THE ECONOMICS OF TRADITIONAL AND SOCIAL MEDIA

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***ABSTRACT:Social media has evolved significantly in recent years, affecting people, businesses, communities, and economies.Social media, which enables people to interact and exchange information, ideas, and opinions globally, is one of the most significant advancements in computer technology. The problems arising in economic growth due to the absence of social media such as lack of company growth shares, a lack of policy uncertainty, and a lack of growth in the size of the workforce and the productivity of that workforce. This study focuses on the importance of the economics of traditional and social media by decentralizing information, pushing brands past their comfort zones, and encouraging better industrial and commercial efficiency, social media is boosting the world economy. Also discusses the factor of social media in economics such as the development of social media, the impact of the internet on media economics, and the economic benefits of increasing online presence.It concluded that the impact of social media on the economy is increasing as its global reach grows over time. In the future, by providing decision-makers with access to more and better information, the media helps the economy run more smoothly and sustainably.***

***KEYWORDS: Customers, Economics, Internet, Market, Social Media.***

## 1. INTRODUCTION

On online social media sites, billions of users share, comment, and communicate daily. They are replacing traditional ways of communicating and socializing with friends and family [1],[2]. The use of social networks has made staying in contact with individuals who live far away simpler than ever [3],[4]. The budget for advertising has also changed drastically as businesses feel their target audience online [5],[6]. The reality is that as more people turned to social media, they took their worst instincts to the platform, making it difficult for major networks to handle it [7],[8]. Trolls and haters make it difficult for firms to attract additional investors while fake news is on the rise. It appears to be relatively simple [9],[10]. However, this brief description of his business strategy also fails to highlight the grave threat to the country's social and political stability[11]. In response to growing concerns about social media use, it has proposed disbanding some digital companies, along with other traditional antitrust measures. However, these platforms don't pose a threat primarily because of predatory pricing, clumsy customer service, or other problems often associated with Monopoly. Instead, they have a role in spreading rumors, hate speech, and conspiracies.

Traditional antitrust rules will not prevent these abuses because corporations in digital markets operate under fundamentally different economic incentives from other enterprises. It can substitute any imaginary gifts in place of widgets however they want. In this market, manufacturers increase production until the final widget incurs an increased expense that the end customer must be willing to pay. Stopping below that point would result in money being left on the table because another widget could be sold for more than its marginal cost. Beyond that point would be pointless as the final buyer would appreciate the purchase only at his marginal cost.

As more people started utilizing new technology and social media began to become a part of their life, the younger generation probably forgot about conventional entertainment. My generation (Gen Z) as a whole has grown up with technological improvements, therefore they are experts in modern computers and smartphones. Social media has the opportunity to be more valuable since we spend the majority of our time online. Earlier social media platforms attempted to preserve user interactions on a personal level; subsequently, they developed into vast data sets that could be used for practically anything. In the network of social media, a large amount of data is shared. Utilizing social media channels, people may promote their products to the appropriate demographic.Social media usage that is frequent and pervasive can serve as a reliable economic barometer for a nation or area. The higher the consumer density, the richer the area is, and vice versa. Because of social media, particularly enables users to share their opinions and engage with others, people are more linked than ever. Due to various social media's everlasting attraction and consistent updates, businesses may target more prospective clients and raise regional or domestic Gross Domestic Product (GDP) by studying the social media market. Geographical variances have a varied impact on how social media is used, which leads to different marketing objectives and more travel. The same holds true for the various social media outlets' potential impact on economic expansion.

*1.1. The development of social Media*:

Traditional media includes platforms like newspapers and television but the new media age is the market produced by modern social media like Facebook and YouTube. The effect of new media upon economic growth is the study issue that this thesis leans toward [8], [9]. In the world of new media, distinct marketing tactics and classic media jargon are employed. Traditional media places a greater emphasis on ways to disseminate information, with minimal information surveillance and filtering. The primary technology of dissemination of information is also highly biased, making commercial content incredibly boring and giving readers essentially the same information. While new media makes it possible for the information to reach every potential reader's screen, traditional media still lets readers find the information they're looking for. The spread of new media is fast and gives importance to the people. This social media user chooses preferred data to compete and presents relevant content with a generally strong economy that will grow with increased public economic output and demand.

This present study focuses on the factor of social media in economics such as the impact of the internet on media economics, and the development of social media. This study is divided into several sections, the first of which is an introduction, followed by a review of the literature and suggestions based on previous research. The next section is the discussion and the last section is the conclusion of this paper which is declared and gives the outcome, and suggestions as well as the future scope.

## 2. LITERATURE REVIEW

According to the author Li Tao [12] careful consideration should be given to how to advance Internet-related and digital economics research. The author analyzed four conflicting techniques that describe the problems the Internet has caused traditional economics. Its findings suggest that the digital economy and the Internet must be grounded in reality and problem-focused. There are no set rules for the interpretation of history and economic history is more like a source than a flux.

Naude and Liebregts explained [13] have explained due to the advancement of Internet technology, the price of long-distance service delivery has greatly decreased. The inefficiency and lack of traditionalists in the traditional service industry have also been radically reshaped, and the forces behind the globalization of services have been greatly strengthened. Last but not least, the introduction of the Internet has largely encouraged a new method of invention and entrepreneurship, increased market matching effectiveness through online platforms, and given people the ability to create trends and new momentum. The platform economy relies on an effective data collection and transmission system, a digital service supported by developed computer power and powerful data processing technologies, to create a new system conducive to the accumulation of capital as well as the organization of social and reproductive capacity the organizational structure latest technical system. According to economics, the Internet encompasses social production, distribution, trade, and consumption in all regions and times, which greatly promotes the development of social productive capacity.

According to the authors, Wang, D. and Wang, H. [14] gathering information is crucial to a company's manufacturing process or decision-making process. Economics holds that when a decision-maker is presented with extreme asymmetric information, various deviations will manifest in the decision-making process, which will ultimately result in a decline in efficiency. The issue of information asymmetry has been significantly improved by the development of the Internet.Information may be gathered with the use of Internet technology, boosting firms' capacity for management and decision-making. The growth of the Internet has expanded people's avenues for communicating with the outside world and improved their chances to stay in touch with it constantly, from everyone and everything being interconnected to everything being interrelated.

Oliver Budzinskia and Sophia Gaenssle [15] implemented a special sample of 200 YouTube celebrities from four distinct video genres to highlight the characteristics impacting success and fame in social networking marketplaces. According to the findings, the success of SMS is substantially impacted by upload frequency during an inverted U-shape, as well as the size and competence of a market also have a big impact on social media success. It was shown that members' long-term performance is significantly influenced by the amount of time they have spent in the market, with historical success driving current success.

Martin O'Brien and Katarina Freund [16] discussed the social media utilization that can support research training and promote social inclusion, active learning, and student involvement. According to the authors,discussions with coworkers and students, a review of the literature on postsecondary learning, as well as dialogues about the use of social media platforms, bring to light significant problems. The results show that students were first wary of using social media and as a result saw it as adding more pressure to the research process. The distinctive discovery from our research, it was found, was the range of institutional barriers that may prevent the successful integration of social media.

Dorte Drongstrup [17] et al. have explored that by using machine learning algorithms, it is possible to forecast the chances that a research paper will be ranked in the highest quality category of a journal.The author's inquiry into how broadly economic research is distributed on social media platforms employed articles from the Academic Journal Guide (AJG) list. They also retrieved references from policy papers and other mentions, including Facebook. The results demonstrate that the average number of policy references in economics journal publications is larger when compared with the other subject matters on the AJG list. It concluded that publications from higher-ranking economics journals had a higher propensity to be incorporated into policies than those from lower-ranking periodicals.

The above study shows that social media utilization can support research training and promote social inclusion, active learning, and student involvement as well as explore using machine learning algorithms, it is possible to forecast the chances that a research paper will be ranked in the highest quality category of a journal. In this study, the author discussed the various factor to boost economics with help of social media such as the impact of the internet on media economics, the democratization of information, and the use of social media to promote economic growth.

## 3. DISCUSSION

The number of information sources has increased significantly due to the development of social media and online content. Traditional media is no longer the only means of informing the public about important issues, shaping ideas, and telling compelling stories. The difference is that traditional media organizations still operate as an intermediary that filters, analyzes, and studies the content before it becomes accessible, whereas social media circulates news without filters or by the state due to its uncontrolled nature.

### *3.1. The Impact of the Internet on Media Economies*:

The production problem confronts media economics, the idea was straightforward to market newspapers, magazines, and books when print media was the only generally accessible form of media.Sales of these things are predictable, much like sales of any other product, even if media sales entail delicate intangible technology but instead of physical paper and ink. The transition from physical media toward broadcast media offered a new challenge because customers didn't have to pay for radio or later television programming. Instead, the pricing was constrained by the advertisements that our sponsors ran every second. However, same conduct was also seen in the field of news media; magazines, newspapers, and broadcast and television networks all sell airtime for advertisements.A fundamental shift in Internet economics may be seen in the reality that online space is less inexpensive than space in printed or broadcast journalism. Due to the quick information dissemination on the Internet, conventional media is currently under a significant threat. Media companies built their internet presence as a consequence, and today it is practically unheard of for a media company to be without a presence online. Archives of businesses have been made public, and except for a few holdouts, almost all newspapers offer free Internet access like the Wall Street Journal, although some, such as The New York Post, already have a premium membership plan. Problem radio and television networks have broadcast excerpts from traditional text and photographs, and newspapers increasingly provide online video content.

### *3.2. Social Media Affects the Economy*:

Social networking is an effective tool to connect with individuals like customers and investors. They somehow present customers with pre-selected information and persuade them to buy relevant goods. They cannot resist because they are human beings, it is a quality of people. They could protest, but need to understand the circumstances first.

#### *3.2.1. Democratization of Information*:

Before social media, getting information about your company required payment. Now that everyone and every business will have its own media brand, there are far fewer barriers to reaching people.Small brands may now more easily get a foothold in the market. Craft beer, food vendors, as well as local fashion are a few example of trends that frequently appear as a result of utilizing social media networks to build a clientele. Before the widespread use of smartphones and social media, contacting people was incredibly expensive and difficult, especially if their location was not on the main street. A big brand shouldn't be worried about one or two simple ventures, but millions of people operating across the country can significantly reduce their share of the market.

#### *3.2.2. Platform Economy*:

Facebook and YouTube, and other social media sites are all heavily integrated into their lives. They act as plumbing that either enables the contents to leak out or not. Due to the disruption of the traditional advertising paradigm, these platforms have grown in market valuation to become some of the largest businesses in the world.

*3.2.3. Targeted Advertising Enables the User*:

In a recent conversation with a marketing professional, it was a business-related conversation about ways to increase our online presence and user engagement. The marketer uses specialized terminology to describe his strategy. Using the word capitulation, in my innocent world, took a while to consider that when the enemy surrendered and surrendered, the word surrender was only used in times of war. The similarity to the marketing plan was rather obvious. Consider what happens if someone frequently uses the Facebook app and the same ad keeps showing up in your News Feed. There's a Vulnerability Right Now, They're Getting Familiar with Marketing Materials.

*3.3. Economic Benefits of Increasing Online Presence*:

Millions of people around the world now live entirely online thanks to social media. It is understandable why in the United States alone more than 70% of people have such a presence on social media online. People can keep in touch with friends, read the latest news, and discover new interests through social media. However, the popularity of social media has given rise to a growing sector of the economy that will benefit from this change. The use of social media by companies is not a new concept. Although online advertising has always been around, the emergence of social media in the new millennium has opened up new channels for companies to connect with millions of consumers. Here's a basic history of the role of social media in commercial advertising and why it's becoming more and more important as a company's online presence continues to grow.

During the height of the Internet, social media first emerged. Communication services were provided by businesses such as America Online and Computer Serve, where early similarities to modern social media sites as we know them, were started. Through these sites, people can connect with friends, family, and total strangers online. These early platforms had little or no advertising, and enterprises had no reason to use them to expand. Over the past four years, the outlook on how the Internet affects the economy and education in this country has changed many countries.More people currently feel that increased Internet use has had a positive impact on their country's economy in seven out of ten countries for which data are available, as shown in Figure 1 in 2014. Additionally, six countries claim that the Internet has a better influence. Education now compared to 4 years ago.

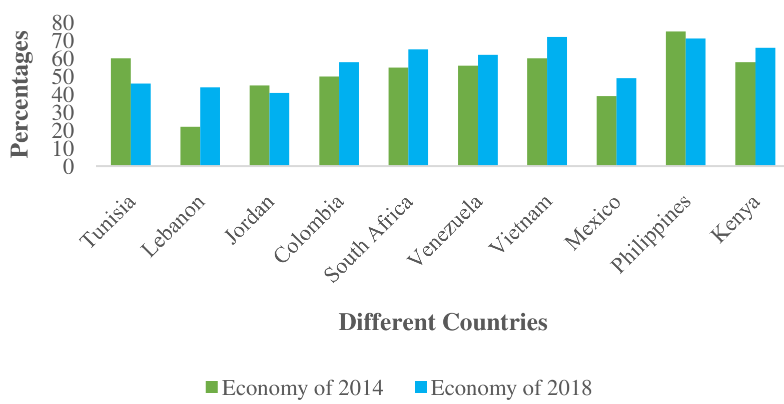

**Figure 1: Illustrates the Internet has had a Good Impact on their Country's Economy by Increasing the Use of Social Media** [18].

### *3.4. Use of Social Media to Promote ECONOMIC growth*:

The public's need for concise, clear updates on important topics is growing daily in an increasingly networked society. Government organizations did not communicate with the public on social networks just ten years ago. There were few forums, and those that did exist were used solely for socializing.

But things have changed. The partnership between government institutions and the constituents they serve is strengthened through social networks, which have emerged as an acceptable means of communication. The United States Trade and Development Agency (USTDA) eventually achieves the agency's mission by utilizing the opportunities provided by social media. Increase the reach of our posts on Facebook by including the names of our partners in pertinent and intriguing cross-promotional content [19].

On our social media platforms, he posted the Smart City Guide prepared by the Department of Commerce. Seven thousand individuals saw the guide in the first 3 hours shortly after it was posted. By highlighting the material of alliance partners, they provide a platform enabling our partners to sell their content, which is advantageous for both our following and our partners.

The USTDA is using social media to spread the word about the company whenever possible. Opportunities for improvement also influence behavior and motivate action. By doing so, they link the region to global economic potential and promote sustainable development in our partner countries. They are with our growth and will continue to use our web presence to attract more fans and boost business prospects for US companies.

### *3.5. Power of Mobile in Social Media Economics*:

Mobile is changing the social media landscape, requiring platforms and advertisers to modify their content and media advertising to reach an expanding mobile audience. In 2015, more than 65 percent of all social media time was spent on smartphones, according to research by ComScore. When tablets are included the percentage increases to a maximum of 80%.

Social media platforms are working on upgrading their apps to accommodate new users, and since time spent on Facebook exceeds time spent on mobile, it's not unexpected that businesses are booming. It is believed that the number of mobile users will increase in the coming few years. Since mobile devices are less expensive than laptops, there is clear room for growth as only 2.9 of the 7.3 billion people on the planet are online.

Only 50 percent of China's population is online, and India has about 25 percent of the world's population. But even without these two countries, the World of Internet Stats estimates that the Internet is being widely used in Western European countries at a rate of about 75%. It is clear that emerging markets, where a very small percentage of the population uses the Internet, have the most potential. In Western countries, 75% of people have access to the Internet.

### *3.6. Business Revenue will Increase from Social Media*:

The newest and most effective technique to boost your company's sales revenue is by using social media to market. This is also what occurs when you use social networking sites to locate, connect with, engage, and nurture partnerships to convert sales prospects into customers without attempting to make a difficult pitch. This enables you to build genuine relationships with future clients so that you are constantly at the forefront of their minds when they need your services. Using social media for increases business revenues in Figure 2 various ways are:

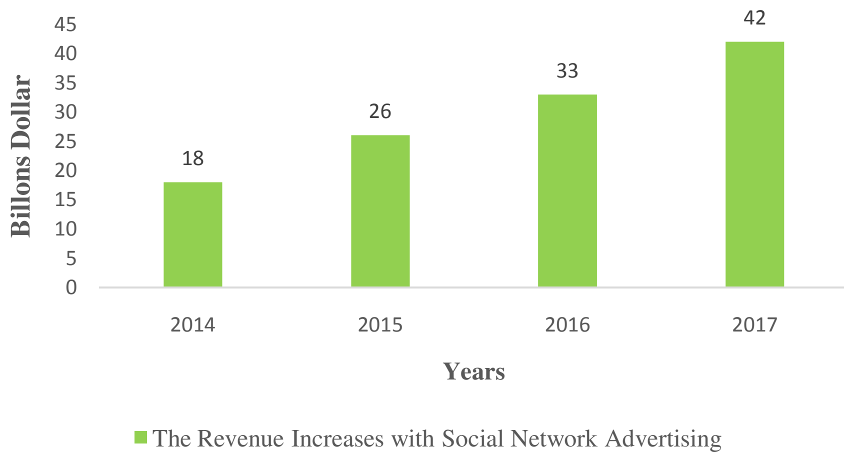


**Figure 2: Represent the advertisement revenue for social media has grown tremendously over the past 3 years** [20].

*3.6.1. Private Communication Lends Intimacy*:

Although it may sound strange, intimacy in work relationships can be very rewarding. Existing customers feel valued and important when they can direct messages on the messaging app or Twitter and receive personalized responses instead of the standard Frequently Asked Questions (FAQ) response. It's a small thing, yet it has a huge impact, as a result, emails can be read and replied to quickly and at any time thereafter. Private messaging offers a way to have a worry-free conversation for those who may be too impatient to queue for email, yet too awkward to answer the phone.

*3.6.2. Better Lead Conversion Rate*:

Better lead engagement levels are possible thanks to the wealth of information available on social media. Through constant social media sharing, the company can understand your potential customers, allowing you to be more certain of their wishes and be direct with their offers. As a result, conversions and sales will increase as they have more chances to move on to their leads and then to more potential candidates.

*3.6.3. Customers Already engaged in social shopping*:

People once turned away from online shopping, worried about falling victim to fraud, buying from a dubious source, or taking their credit card numbers. While these concerns are still relevant, most individuals are now receptive to transacting online as they are aware of the many ways to avoid it. Social shopping happens every day. This implies that you are losing out if people do not engage in social selling. Users can demonstrate to their current and potential customers that they are up to date and relevant by selling on social media. Users can demonstrate that the business is expanding by using cutting-edge new technologies and trends. Customers prefer to deal with successful companies rather than companies that fail to innovate.

*3.6.4. Short Sales Cycle*:

They are aware of the sales process: find leads, schedule meetings, build their case, resolve their objections, and strike a deal. The inbound sales method involves more complex processes that can help them improve their customer relationships. A smart strategy for optimizing your market strategies, especially for a small business, is to use social media to sell. Since the customer is already interested, the process moves more quickly when there is more available information on both sides of the potential sale. Finally, it cuts down on the time it takes to persuade someone to buy from the company. Short sales cycles increase your sales volume because you can close one sale and move on to another faster.

*3.6.5. Organic relationships with customers encourage purchases*:

Cold calling, hard selling, and other traditional techniques are all sales-oriented, this implies that they will not buy if they are not interested or feel compelled. They will argue and make vague promises but never fulfill them. Social media marketing encourages natural connections and connections. Someone feels like they know you when they feel like they are in partnership with us. This makes customers feel like they belong, which eventually drives them to buy something more from each other.

## 4. CONCLUSION

The impact of social media can be underestimated, especially in the context of the growth and expansion of the economy.Additionally, it has many hidden values which will emphasize the long-term expansion of the world economy. The health of the economy affects how social media develops. Finding new clients is no longer a concern thanks to social media platforms. Thanks to the advent of social media platforms, small companies now spend less. These platforms have also enhanced their chances of finding clients and fostered an open market. It improves market openness, gives consumers confidence in the products they purchase and gives them information about the products or services they are purchasing.Some businesses have developed official websites for brands on social media to grow fan bases and update after-sales at any time and any place. As a result, the products are more effective and customers are happier. Social media has been called both a breakthrough in communication technology and a threat to interpersonal relationships. They should exercise caution when using other platforms to their advantage and without prejudice. Internet regulations should be made to minimize the effects of dangerous activity. However, prohibiting anonymity will have no effect. The positive features of the Internet will suffer because people will not be able to express themselves in ways they feel more comfortable doing offline. In the future, the opportunities for long-distance business have increased thanks to social media, which may also increase the level of domestic GDP. Social networking has made it possible for businesses to live and operate in completely new ways.

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# CHAPTER 23

# ROLE OF ECONOMICS IN MODERN PSYCHOLOGY WITH MICRO AND MACRO ECONOMIC

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***ABSTRACT: The multidisciplinary study of the relationship between psychology and economics is known as economic psychology. It focuses on the psychological basis of economic behaviour of people and the psychological effects of economic processes on people. Economists use psychology to identify the factors that lead to individual differences in economic behaviour and, as a result, make economic behaviour difficult to predict. In this paper, the author discusses the current psychology of economics as well as the micro and macro terms and purpose of economic psychology. The effect of money on human behaviour has been a subject of study by psychologists. Many psychological aspects contribute to the increase in crime due to social unrest and economic backwardness and poverty and have been the focus of many psychological studies. Economic development, in general, refers to the ongoing, coordinated efforts of the population and politicians to increase the standard of living and economic vitality of a certain region. The term "economic development" can also refer to quantitative and qualitative changes in the economy in future.***

***KEYWORDS: Behavioral Economics, Decision-Making, Economic Phenomena, Economic, Psychology.***

## 1. INTRODUCTION

Modern psychology, according to psychologists, has no concept of a perpetual mind or of the faculties, activities, or expressions of such a mind. Amusement is also said to be related to the conscious effort currently being made, and passing interests and spontaneous or "ideo-motor" action take up a significant amount of life. As people make a sudden transition from one mood to another, the whole scale of the values of our motivations and inclinations changes even when making some sort of deliberate decision. One method of advertising and salesmanship relies entirely on the victim's ideological responses, anticipating or hammering the idea that, once there, his or her choice is often without any significant weight in light of all possible options and all preferences and determines the action of a rationally truly united self [1].

Although salesmanship and purposeful creation of knowledge are as ancient as trading and markets respectively, they differ more recently in the phase at which autonomous entrepreneurs focus their vast enterprises on one of these types of service. In the same way when a craftsman makes use of his original tools and becomes apparent only with the advent of a class that obtains interest without labour, the issue of sale is not brought up when the shop owner has managed and taken care of the temptation of the customer [2]. However, now that this class is the main source of income and we are beginning to understand the laws by which it works on its humans raw materials, it has taken the status of an economic category and quickly assumed the importance of a problem. This applies equally to information, research and business experiments [3].

The relationship between psychology and economics is investigated by leading economists, covering issues including pro-social behaviour, conditioned beliefs, neuroeconomics, procedural utility, and happiness research. A fascinating and fascinating new field of research has emerged as a result of the fusion of economics and psychology [4]. Beyond the specific emphasis on behavioural economics, the paper in Economics and Psychology takes a broader view of the interaction between these two fields. This section demonstrates how psychology has influenced economics, creating a notion of human behaviour that questions the notion of absolute rationality and discusses the possibility of altruistic behaviour as a valid method of research and analysis [5]. Acceptance of experiments, and the notion that a well can be measured in terms of utility.

The contributors, who are all eminent experts in the field, provide cutting-edge discussions on a variety of topics, including the importance of social behaviour and emergent cooperation and trust, pleasure research as an empirical tool, and the potential of neuroeconomics as a science, and the potential of neuroeconomics [6]. A way to better understand the individual decision one is trying to make, and due process utility as a construct that allows people to gain direct experience from situations and processes that lead to outcomes. A helpful resource for economists, psychologists and social scientists, Economics and Psychology offer essays that together provide an assessment of where this new multidisciplinary field stands and which avenues are most promising for future study.

*1.1 Perspectives in psychology:*

Since perception is a central idea in psychology, it is a distinct science rather than a subset of biology. In the same time frame, sociology also saw similar growth. Understanding is a study strategy that Weber promoted. If we want to understand human behaviour it is necessary to understand how people view their circumstances [7]. To effectively explain human behaviour, their worldview must be understood and this also applies to scientists. To understand what scientists mean when using a certain theory or hypothesis, explore whatever interpretation of the situation in that theory is established. Some psychologists try to explain why people behave the way they do, others prefer to understand how the mind or psyche works and discover which mechanisms fall under psychic reasoning [8]. In both cases it is possible to place man or human intelligence in his context. Man is made up of body and mind, which are two sides of the same phenomenon. The brain, which serves as the body's command centre, can be isolated from the rest of the body. A physical and chemical component, as well as a social and biological component, make up the environment of the mind.

*1.2 Perspective of the Economic Psychology:*

*i. Micro and Macro in the Economic Psychology:*

Like economics, economic psychology is a micro-perspective that looks at things through specific economic entities such as the consumer's decision-making process) and a macro-perspective that takes the perspective of large-scale economic events (eg, depression) and looks at things and unemployment. Economic psychology examines economic phenomena from the perspective of decision-making in individual consumer behavior, in contrast to microeconomics, which examines economic phenomena based on human activity, household decision-making, and macroeconomic indicators, which are concerned with macroeconomic phenomena [9]. Economic psychology may be used to study macro-phenomena like product diffusion and other universal phenomena. The interaction between the two different kinds of phenomena must be taken into consideration in addition to the importance of the micro and macro viewpoints. For instance, when a trend emerges and then abruptly fades, it might be seen as the result of a buildup of individual social evaluations and decision-making, or cumulative popularity from a microscopic perspective of individual decision-making [10]. The incident is understandable. Figure 1 shows the specific roles and links between micro and macroeconomics, which have not yet been fully investigated but will constitute an important study area in the future.

- Microeconomics is the study of specific markets and economic sectors. It examines topics including consumer behaviour, the individual labour market, and business philosophy.
- It is known as macroeconomics to analyze the entire economy. It examines aggregate factors including aggregate demand, GDP and inflation.

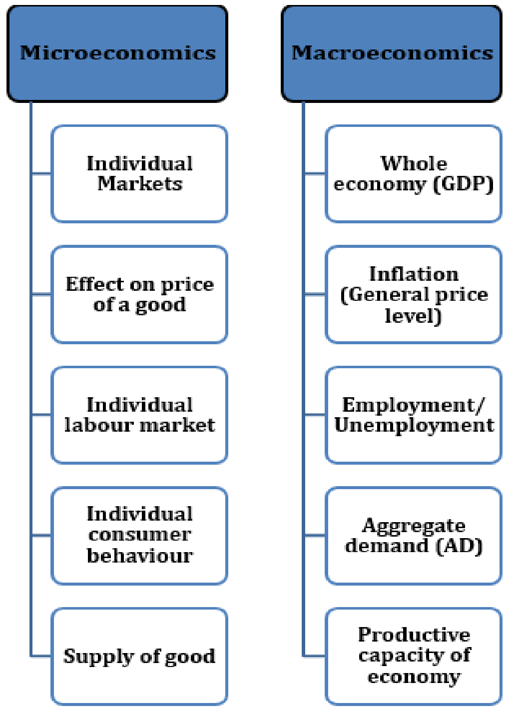


**Figure 1: Illustrate the different roles of microeconomics and macroeconomics.**

Economic psychology, often known as psychological economics, is the study of how people's economic systems, economic policies, and production relationships are mirrored psychologically. The discipline of economic psychology was founded in the early 1950s by a group of economists and psychologists with strong backgrounds in economics and psychology. Traditional economics has long sought to differentiate between sociology and psychology by emphasizing the formal language of mathematics while attempting to avoid subjective interpretation [11]. This trend is generally reflected by excluding the body's influence from the economy and its dynamics.

Plato's views on the internal matter can be used to explain the idea that physical forces interfere with reason. The author thinks that while physical experience can sometimes make inner knowledge more apparent, it can also skew such knowledge. For example, Plato mentions in There are many elements that interfere with the soul's ability to reach enlightenment, including those in the ears, eyes, and even the whole body. In contrast to economists, psychologists often concentrate on physical aspects and how they affect behavior. This is because rational economists feel these elements should be ignored [12]. Because economics and other decision-making models ignore potential physiological pathways, the majority of neurological and biological factors have nothing to do with testing economic theory. However, some economics takes into account physical factors. Ludwig von Mises, a proponent of the Austrian school of economics, said that because economic growth is not seen as a component of the prevailing systems and is instead driven by desire, economic analysis should focus solely on planning and purposeful behavior. Despite knowing the consequences of the activity, Mays continued to reject its inclusion in economic theory [13]. The effects of economic behaviour, such as preference, have evolved from traditional economics into far economic theory because of these ideas and their derived behaviours, both of which lead to product costing that has long been considered the physical factors of behavioural disciplines. Ignored making a choice. To evaluate the psychological aspects of the economic growth, it takes into account both the economic decision-making processes of consumers and enterprises as well as the psychological factors that affect these decision-making procedures [14]. The main goal is to investigate how consumers, businesspeople, and political decision-makers will act in various circumstances and what decisions they will make in order to comprehend the economic processes taking place in certain circumstances [15]. Topics covered in its study include: wants, motivation, attitude, desire, anticipation, and other psychological states as they relate to people's economic behavior. Investigate and research consumer and corporate work in decision-making patterns, analyze, compare and generalize the behaviour of the economy in various situations; Focus on practical decision-making procedures involving consumption, saving, investment and similar activities.

## 2. DISCUSSION

The idea that psychology and economics are closely related fields is based on several findings recently made by eminent scholars including Daniel Kahnemann, W. Brian Arthur, Hugo Münsterberg, Georg Katona and Günther Schmölders [16]. The analogy between economics and psychology did not develop effectively throughout history, despite the belief that the two disciplines are nowadays closely linked. The task of integrating psychological ideas into economics seems daunting, and it was more intimidating than it was thirty years ago. Both disciplines have up to this point attempted to extend theories generated in their respective fields by borrowing ideas from each other [17]. In particular, economics has adopted several psychological concepts, including experimentation, the validity idea, and behavioural economics. Also, psychology has incorporated concepts such as game theory, utility theory, and risk-taking behaviour from economics. Now, to respond to the issue of whether the two disciplines are straightly related, it is important to first define a direct relationship before looking at some of the contributions that led academics to consider the connection between the two [18].

There are many aspects to the relationship between psychology and economics, which is a complex aspect. Psychology is the field of study that uses various concepts to develop new methods to solve problems that people face in their daily lives. It covers a range of subjects such as mental health and infectious cancer, education and knowledge enhancement, politics, law, sports psychology, clinical psychology, business management, and community psychology. In contrast, economists study economies on the scale of both individuals and civilizations. It's about what people do [19]. The fact that both fields are social sciences suggests that their emphasis is on society and relationship between people in society, so there is no doubt that this is the source of the link.

Although it was hard to apply psychology and its concepts to the study of economics in earlier eras, their effect may have existed for longer than we realize. John Stuart Mill said in 1844 that economics is a subject that studies mental phenomena, draws the rules of those phenomena from the pure science of mind, and inquiries into the outcome of these mental laws. This assertion has some interesting similarities today [20]. A human can give credit to the experiment if the author considers the first important contribution psychology made to economics. Although laboratory studies were not often performed in the discipline of economics, they are now important for building theories, detecting anomalies, and understanding consumer preferences and behaviours. Another contribution from psychology to economics resulting from this progress is the idea of legitimacy [21]. Validity refers to the accuracy of scientific activity, both in the process of preparing measurements, and in the context of economic experimentation, when performing experiments. In the early 20th century, legitimacy was first suggested by psychologists and scientifically defined, according to the history of psychological tests. In the late 1980s and early 1990s, it switched to economics in an effort to persuade viewers who were skeptical that economic experiments mirrored reality. Of course, economists did not want to distinguish between a market created internally in the laboratory and a market created externally in reality.

The agents are from essentially the same angle. Scientists' interest in understanding consumer behaviour and preferences has increased as economics has become more complex over time. As a result, another important contribution to this social science was acknowledged [22]. That is behavioural economics. Specific abnormalities that are often overlooked by formal, traditional theories can be explained by behavioural economics. Because it examines the logic behind the irrational actions of agents, this topic can now be directly linked to psychology. In particular, behavioural economics attempts to understand why customers do not behave in a way that is consistent with the predictions provided by economic theories [23]. These days, behavioural economics is used for marketing, policy reform, and consumer financial decision-making. The relationship between economics and psychology has strengthened since the advent of behavioural economics. As a result, this raised the question of whether these regions are directly connected.

It became more apparent how much psychology influenced economics. However, the question of whether economics made any contribution to psychology remains to be addressed. The theory of games is the first to come to the fore after a brief review of several important concepts from psychology to economics [24]. According to game theory, every economic activity is viewed as a game played by a set number of participants according to predetermined rules. Researchers evaluate players' potential game-compliant behaviour on the assumption that each participant aspires to win as much as possible. Game theory is often used in psychology and is associated with several theories in logic that help researchers develop their models. Game theory has been applied, for example, to understand and detect cheating, to promote cooperation between people through acceptance of intentions, commitment and regret, or to provide enticing examples of behaviour in dating applications. Despite the substantial contributions of game theory to the science of psychology, the model nevertheless contained another important idea that crossed between those fields.

Preferences or driving forces behind people's decision-making define utility. It describes how agents make certain decisions in each area of their lives. Daniel Bernoulli initially proposed the utility in 1738, attempting to outline the notion that people's motivation is important when making certain decisions. Individuals' decision-making processes and their willingness to make choices were ignored at the time as more scholars were working to develop probability theory, which simply lists various alternatives. In short, utility evolved into a powerful concept that laid the foundation for human decision-making and evidence of preference models. Similarly, this idea has led to the thinking of researchers in various fields of study. For example, utility had a role in the development of game theory, the laws of demand and supply, and risk-averse behaviour. By identifying the foundations of human rationality, utility contributed to the field of psychology. In psychology, the term neurotic first appeared to describe people who’s utility of money increases as they become wealthy [25]. Earlier, in 1738, Daniel Bernoulli did not include greed in his vision, and today, greed is not included in the psychological definition of reason. Somehow, utility emerged as a novel theory of thought in psychology, highlighting the fundamental connection between the two fields [26]. Likewise, there are undoubtedly situations where it is important to acknowledge the connection between psychology and economics. Especially when the analysis is based on people's preferences, mental processes and decision-making. Therefore, contributions that moved from psychology to economics and other methods may be directly linked to this relationship. Each shared contribution improved the bond between these subjects.

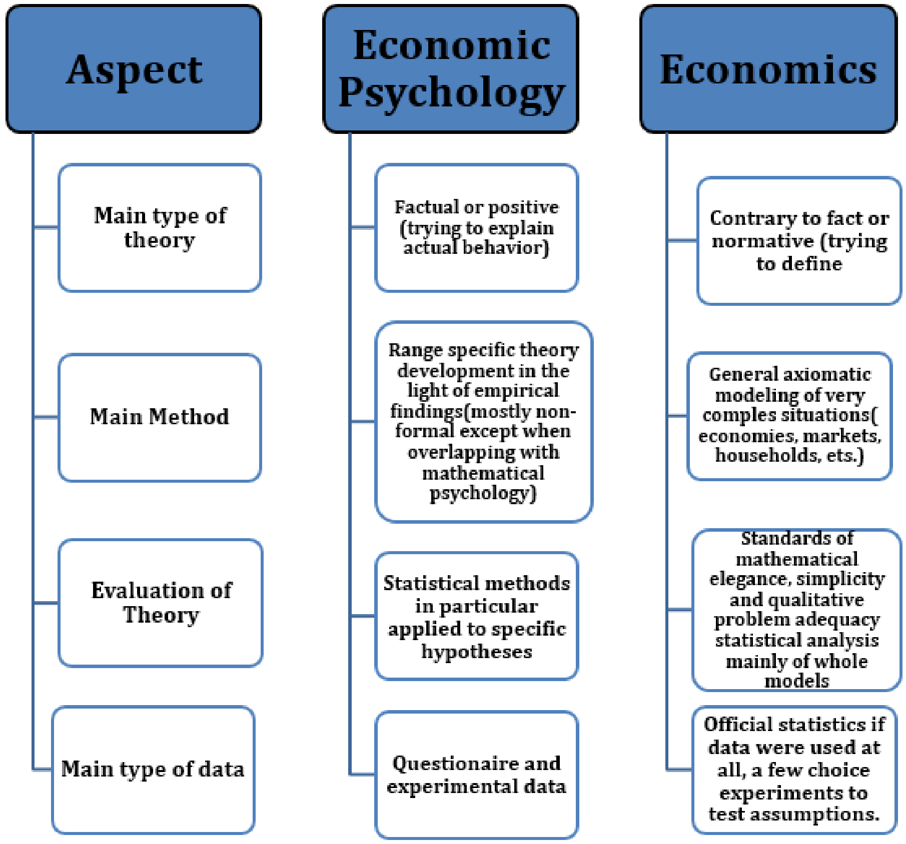


**Figure 2: Illustrate the aspects of economics and economic psychology.**

It is crucial to understand that every component of economics connected to model development has enhanced governmental policies and economic projections or is pertinent to the creation, distribution, or consumption of products and services, as shown in Figure 2 which includes human behavior and reasoning. Regardless of whether author are discussing choice agents or option-setting economists, all scenarios require an examination of the agents' conduct and rationality. Because of this, there can be a direct connection between psychology and economics. However, because it also addresses topics related to the human mind at the behavioural and cognitive levels, psychology as a social science appears to be more complex. It also has nothing to do with various diseases and mental health. Even though it makes extensive use of economic ideas, only a few subjects can be directly linked to the study of economies. Although both courses serve similar goals concerning the social sciences, only economics is more closely related to psychology, in contrast.

*2.1 Goal of the Economic Psychology and Its Approach:*

It is of great interest in the scientific explanation of human decision-making from a theoretical point of view as well as in the further exploration of various socioeconomic issues. However, in addition to its connections to economics, business administration, and applied psychology, economic psychology can help governments, public organizations, and businesses in their marketing efforts and improve the lives of regular consumers with consumer protection. The second objective is more practical while the former is more theoretical. Both approaches are necessary because, while theory without the practical approach may point us in the directions of inquiry for self-study, which would only be likely to be accepted in a specific intellectual pursuit, practice without a theoretical approach can lead to false gut feelings and some analysis of the historical.

As a result, if one has researched an area properly, they are likely to find a connection to too many more studies and practices. The objectives of the following items and how they relate to related research areas and real-world issues. One of the main objectives of economic psychology is to explain economic phenomena. It's important to perceive economic events and provide possible explanations for them, regardless of whether economic events are interpreted from the micro or macro viewpoint. There is a great deal of knowledge about the theoretical justification of economic phenomena in traditional economics. As has already been established, economics often bases its theoretical claims on mathematical models and on the assumption that every decision-maker is rational. In a broader sense, rationality is a quality that enables one to provide a compelling justification for one's actions rather than making absurd decisions or conduct. However, it is generally understood to mean that a person collects, uses information from as many sources as possible, maintains a consistent relationship between preferences, and chooses the best one from the available alternatives. On the other hand, a favourable assumption is simple to evaluate and compatible with a mathematical model. Furthermore, we cannot conclude that this conjecture is entirely false, as the conduct of real people and organizations exhibits some degree of logic as opposed to being completely irrational. Yet, in some circumstances, assuming absolute reasonableness in favour of decision-makers in the economic situations is an insufficient explanatory framework. For example, there are situations where people's decisions are influenced by essentially useless data or where economic panic manifestations result from the influence of other people such as the panic toilet paper purchase incident, and it is often challenging to equate them with one. There is a perfect rationality model. The vast range of economic singularities that can be experiential concerning things that people find attractive cannot be well explained by classical economics alone. The four Ps of marketing to target customers and desired position are shown in Figure 3.


**Figure 3: Illustrate the Four Ps of the marketing for targeted customer and intended positioning.**

In other words, they have managed to differentiate themselves from other theme parks. They achieve this by introducing distinctive, annually-changing amusement park elements, hiring personnel who provide supreme service, and devising various plans to create remarkable experiences. Therefore, if businesses are successful in differentiating their products, customers will pay top dollar to do business with them, regardless of price. That's why it's important to know what kind of stuff can differentiate itself from other items. On the other hand, even if a technically superior distinction is established, the product strategy will fail if the product is not conceptually distinguishable to the customers and the importance of understanding customer behaviour.

The ability to behave and an awareness of how easy it is for the actor to do so are linked to behavioural control. As shown below, these three variables interact to influence intention. Additionally, Figure 4 displays the model in its most recent iteration. Socio-psychological research based on these approaches is still widely practised. Studies using the construction level theory of the social psychology are being conducted primarily in the area of consumer behaviour. Higher-order and reduced construction levels of mental representation are based on people's psychological distance from the object and event under study, according to the construction level theory, which was first formulated in the field of social psychology.

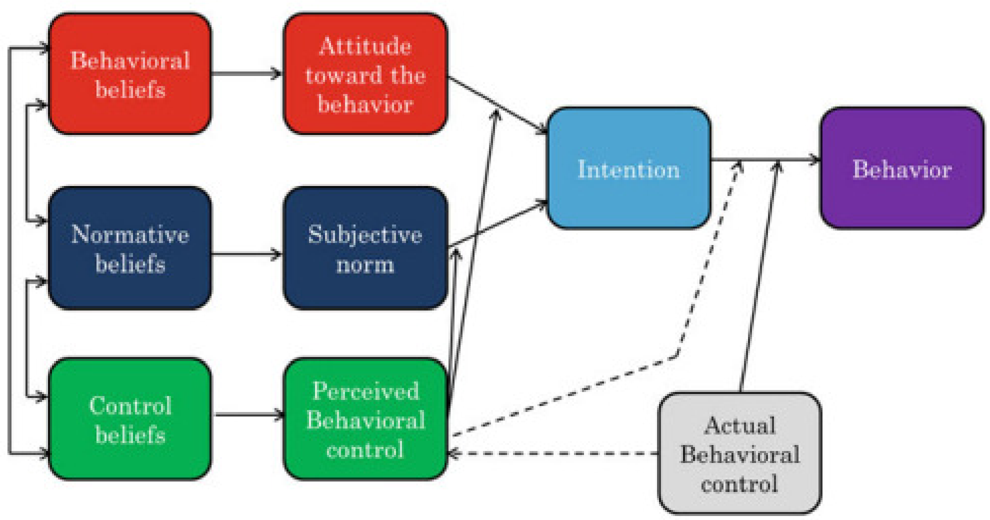


**Figure 4: Illustrate the theory of planned behaviour diagram** [27]**.**

Economic psychology explores how people's decisions, decision-making, and actions are affected by various economic events from a psychological perspective. Economic activity immediately affects how people obtain, use and dispose of goods and services in their socio-economic lives. Studies in economic psychology help understand government policies and consumer decision-making processes, including various types of economic phenomena, business marketing strategies, consumer protection and education. There are several theoretical frameworks used in economic psychology research, all of which are intertwined. These frameworks include the explanatory paradigm, the utility theory model, the psychoanalytic model, the macroeconomic psychological model, the social psychological model, the behavioural decision theory paradigm, and the behavioural economics paradigm.

## 3. CONCLUSION

In addition to recording behaviour, physical economics is an extension of experimental economics studies that collect physical characteristics. These measurements may include the participant's pulse, blood pressure, and skin conductance. Since the task of self-direction in modern society is largely beyond the capacity of the uncooperative individual, there is a need for comprehensive cooperative guidance that goes beyond the scope of individual advertising promotion of individual initiative in this area. In such a case, the individual may be asked to bear his burden, in which the principles enshrined in the forego play an important role.This outline makes me think about the mouse. The topics discussed are by no means exhaustive. The author's goal is to develop a methodology and framework for research that is not based on the old "general theory". From certain conjectures and research.

Economic psychology focuses on the psychological underpinnings of various economic phenomena as well as the processes by which people make decisions and behave in economic contexts. Traditional economics aims to investigate economic phenomena through theoretical and empirical examinations of how limited means are used for production and diffusion. Traditional economics has mainly examined economic issues by considering human rationality and the idea of "homo economicus" or rational agent. With this background, a field is known as "experimental economics" has recently developed where theoretical economic theories are investigated through experiments conducted in psychology.

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# CHAPTER 24

# AN ANALYSIS ON THE MACROECONOMICS OF EMERGING MARKETS IN DEVELOPING COUNTRIES

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***ABSTRACT:An economy that is developing into a developed financial system is an emerging market economy with an interconnected money, stock market, and financial sector typical of emerging market economies, which are also industrializing. The problem arises in the macroeconomics of emerging markets such as complex tax regulations, lack of regulatory oversight, erratic capital flows, high financial volatility and economic expansion. This paper focuses on macroeconomics that plays a key role in emerging markets such as the potential for rapid expansion, increased economic investment, increased per capita disposable income, and improved infrastructure. The author also discusses the characterization of macroeconomics in emerging markets and developed countries that are restoring macroeconomics resilience, the rationale for macroeconomics policy harmony, and the macroeconomics factor. It concluded that a macroeconomic element is an event, pattern or circumstance that affects the entire economy, as opposed to just a specific population. In the future, an economy that is evolving to be more advanced is known as an emerging market economy. Its per capita income is modest to moderate, but it is growing rapidly due to its strong industrialization and high production levels.***

***KEYWORDS: Economy, Emerging Market, Financial, Global, Macroeconomics.***

## 1. INTRODUCTION

Emerging market economies are those of developing nations that are expanding in tandem with global markets. A number of the characteristics of developed markets are present in emerging market economies, but not all of them. Powerful market development, high per capita incomes, a dependable regulatory structure, access to foreign investors, and liquid debt and equity markets are some traits of mature economies. An emerging market economy often integrates more into the global economy as it grows. This translates to more trade volume, increased liquidity in domestic debt and equities markets, and a boost in Foreign Direct Investment (FDI). This might result in the creation of contemporary regulatory and institutional institutions.India, China, and Brazil are 3 major emerging market economies at the moment. In a growing market economy, there is a significant shift occurring from a low-income, undeveloped, and usually pre-industrial economy to a modern, industrialized base with a high standard of living. Low commodity prices in recent times and sluggish global demand have affected emerging markets. Several analysts predicted earlier this year that 2018 would be a better year for developing markets because they had shown signs of a recovery in 2017.

Investing in developing economies can provide higher returns, but those benefits must be weighed against the higher liquidity costs. The monetary and fiscal policies of governments are important factors in determining this liquidity. There has been little or no research into how the policies of emerging economy governments affect liquidity, even though the effects of macroeconomic policy on stock market performance have been studied extensively. It analyzes eight emerging economies in SE Asia to demonstrate how different macroeconomic policies affect liquidity, but also to show how causality can work differently in these markets. A thriving stock market is often considered a sign of a prosperous ruling party. When it comes to their sensitivity to global news, some markets behave like Western markets, but others, such as Bangladesh and Pakistan gravitate toward their drummer. However, there is evidence the positive factors are waning. In its most recent World, Economic Outlook as well as the International Monetary Fund (IMF) predicted that this and next year, growth in emerging and developing economies may increase from current levels.According to our economists, the economic gap between rich and developing nations is widening.The degree to which macroeconomic conditions have an impact on corporate performance inside the United Kingdom was examined in research by Pacini [1], Mayer, Attar & Azam.

The analysis revealed that while the exchange rate and interest rates had an adverse influence on business performance, the gross domestic product as well as the level of inflation had a direct favorable impact. Developing nations with reasonably sound fundamentals and economies that export commodities oil in particular are expected to grow faster in the next year as a result of this year's expansion [2],[3]. However, certain oil-importing nations and those with longstanding macroeconomic imbalances are coming under pressure from increasing yields in the United States, rising energy prices, and increased exposure to foreign debt. As a result of much of this, their finance and equities markets are volatile, and their currencies depreciate dramatically.Global concerns include high inflation, active monetary contraction, and the possibility of a recession. However, many emerging market nations must take one apparent step to navigate a recovery: manage inflation at the risk of reducing Gross Domestic Product (GDP).

Despite challenging circumstances brought on by regulatory breaches and Zero-COVID policy shocks, China's development trajectory is still anticipated to show improvements in the second quarter of 2022, and the time is right to seize possibilities in this enormous market. Although stagflation and increased recession risk have recently put significant strain on emerging market debt, likely, the asset class has previously weathered comparable storms, and investors who persisted with it have benefited [4],[5]. Overall, emerging market characteristics are in a rather strong position, especially given improved trade arrangements for commodity-exporting nations have been a result of rising commodity prices. As a result, many countries fiscal and current account balances have improved, as well as the value of their debt has dramatically increased. Emerging market economies are those that are in the procedure of industrializing; they can give investors better returns due to their rapid growth, but they also expose investors to more underlying high risk due to their situation, and, over the period, emerging markets typically become developed. Emerging market economies are defined as those that are in the transformation phase into developed economies, accept the developments in the markets.

### *1.1. Emerging Market Economies*:

Different commentators categorize emerging market economies in different ways. Although growth rates, financial sector quality, and levels of income are all widely accepted criteria, the precise list of markets can differ depending on who they ask [6],[7]. For instance, whereas 24 nations are classified as developing markets by Morgan Stanley Capital International (MSCI), 23 are by the International Monetary Fund (IMF). The two lists are different in a few ways. Twenty-three nations are categorized as emerging markets by Standard & Poor's (S&P), whereas twenty-one nations are categorized as such by the FTSE Russell, and twenty-one nations are categorized as such by the Dow Jones.Similar to how Greece was relegated to an emerging market, developed nations can also do the same. Establishing new can become emerging markets, as happened with Argentina and Qatar.Around 1990, whenever average per capita incomes in emerging market and developing nations as a whole started to expand much faster than in developed economies, the global economy entered a new period of convergence. The world's pronounced rich-poor divide, which has existed since the industrialized revolution in the early 19th century, is gradually beginning to wane. Whether such a new convergence will likely last and result in a major reorganization of the global economy over the course of the next ten to twenty years is a crucial topic.

The present paper is a study about the characteristics of emerging markets that are in a rather strong position, especially now that rising commodity prices have improved the terms of trade for nations that export commodities. As a result, many countries' account balances and budgetary balances have stabilized, and debt valuations have become noticeably more attractive. This study is divided into several sections, the first of which is an introduction, followed by a review of the literature and suggestions based on previous research. The next section is the discussion and the last section is the conclusion of this paper which is declared and gives the outcomes as well as the future scope**.**

## 2. LITERATURE REVIEW

Oguzhan Cepni et al. [8] have explained when forecasting and currently empirical, the casting of GDP using factor-types supported by latent policy uncertainty, which includes the data surprise component, provides predictive material. The main goal is to compare forecasts from several different models in the forecasting competition covering five emerging market economies. The authors claim that models built using both regional and global datasets may contain latent unpredictability and surprising elements. Its findings suggest that when forecasting GDP growth in emerging economic countries, it is important to incorporate the effects of global uncertainty and data shocks. The predictive ability of the latent components used in our dynamics modeling DFM is significantly improved by the data shrinkage techniques used in our tests.

Ndlovu Chiedza and Alagidede Paul[9] have explained the Effect of macroeconomic factors and market structures on the return on equity of listed financial services firms. According to the author, the Hausmann test justified the use of a generalized technique of estimation of moments to model random variables. Its findings mean that the influence of macroeconomic indicators on profits per share diminishes as the market shifts to concentration with competition from the market. It concluded that the importance of macroeconomic factors on return on equity is often inversely related to market concentration.

Anup Chowdhury et al. [10] have explained that Emerging economies have attracted great interest from foreign investors and investors seeking direct investment because of the potential for better profitability and their low level of integration into the world's stock markets. It examines the impact of market and company-level fiscal and monetary policy variables on the availability of eight Asian developing stock markets. The author's technique uses nine macroeconomic variables and four different liquidity metrics. The results show that different markets react differently to both global and local economic and commercial news. The impact on size-based portfolios largely depends on the instruments used by both governments and central banks. Adjusting for any explanatory factors also has an impact on the liquidity of the construction industry. Finally, government borrowing is less effective than private borrowing in explaining the difference between liquidity and liquidity.

Abir Abid [11] has explained that in developing markets, the relationship between characteristics and exchange rates depends on the economic policy uncertainty (EPU) function, which explains and predicts currency movements. The authors claim that the inclusion of EPUs in exchange rate macroeconomic models increases the explanatory power of the models and enhances both their short- and long-term forecasting capabilities. The findings indicate greater predictive power of economic and financial exchange rate models that combine EPU. It concluded that the EPU is important information that decision makers in emerging economies should take into account when managing their exchange rate systems.

Oguzhan Cepni et al. [12] have explained There is a growing literature on using big data technologies to estimate GDP and now put it into emerging economy countries. It examines the potential application of various dimension-reduction, deep learning, as well as compression techniques, including sparse principal component analysis (SPCA), stretchable nets, least unconditional shrinkage techniques, and least angle iteration. When predictions are made using latent. Worldwide macroeconomic policy variables (Diffusion Index) in an attractive factor structure. The author has shown that DFM benchmarks using dimension-reduction techniques, in particular, BRI and SPCA make better predictions than both traditional empirical models and simple DFMs. The study concluded that world-spread indices, which record cross-national spillover effects, help predict GDP growth in emerging markets.

Dina D. Pomeranz, [13] after the global financial crisis of 2007, an economist and economics professor at the University of Zurich tweeted about the COVID-19 catastrophe, predicting a substantial but fairly silent one. The International Monetary Fund (IMF) believes that, unlike the 2007 crisis, emerging markets and growing countries will suffer more than established countries. The analysis predicts that in the aftermath of the worldwide financial crisis, medium-term losses will be around 4% less than the world's 2024 pre-pandemic projected output at the time. Experts agree that decision-makers should keep working. If the resources of the pandemic are exhausted, the worst-case scenario and workers will be affected. To address large inequalities and long-term GDP losses, investment reform measures as well as reallocation, re-training, and re-skilling activities would be some of the primary areas of focus.

Dean Baker, [14] A senior economist at the Institute for Economics and Business Research tweeted a link to an article suggesting the US economy will soon be overtaken by China's strong COVID-19 recovery. According to the IMF, China has been working towards becoming the world's largest economy since the 1970s. Because of this, the country's quick recovery from this epidemic may be a sign that it can overtake America in this century. After the financial crisis, China launched a significant infrastructure investment campaign in 2008. Despite the US economy contracting, it was able to rebound rapidly. The coronavirus pandemic was a turning point in world production, and China's recovery shows it has done so at the highest rate in this century. The IMF estimates that the production deficit between the two countries will narrow to 6 tons in 2020. Some predict that China's GDP will overtake the US by 2029, while others believe that China will be in second place due to debt and a growing population.

The above study shows the effect of macroeconomic factors and market structures on listed financial services firms' return on equity as well as the effect of macroeconomic factors and market structures on listed financial services firms' return on equity. In this study, the author discussed the feature of the emerging market such as macroeconomics factors, the performance of emerging market economies, and restoring macroeconomic resilience.

## 3. DISCUSSION

A nation that is constructing a more developed economy is referred to as an emerging market economy. It has a modest to medium per capita income but is fast growing because of its strong industrialization and high output levels. Around 85% of the worldwide people and 75% of its GDP reside in emerging market economies.

*3.1.Characteristics of an emerging market economy*:

Comparing the scale of rising market economies like India and Morocco Despite having vastly different GDPs and populations, both nations are now expanding their economies and pushing toward economic globalization. The various components of an emerging market economy are in (Figure 1).

*3.1.1. Rapid Growth*:

Nations with emerging market economies often have yearly growth rates of 7 to 8 percent, compared to 4 percent for nations with more established economies. As a consequence, emerging market economies' Rates of growth surpass those of developed nations.

*3.1.2. High productivity level*:

Labor is known for its low cost, which can boost output and raise the employment rate. Therefore, wealthy nations favor outsourcing to establish manufacturing plants and make use of cheap labor. As an outcome, emerging economies can strengthen their exports abroad and expand their global presence.

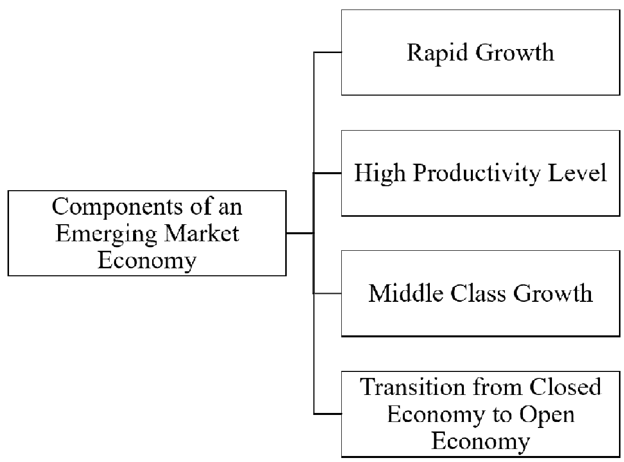


**Figure 1: Illustrates the Components of an Emerging Market Economy which Show Essential to Driving Global Economic Growth**.

*3.1.3. Middle-class growth*:

A nation's citizens can escape poverty through economic transformation, moving them into the middle and lower classes. People enjoy a better standard of living as countries boost their production levels and open up new revenue streams. This is because they have more access to higher education and benefit from better innovation and infrastructure.

*3.1.4. The transition from a closed economy to an open economy*:

Because they concentrate primarily on the domestic agriculture market, developing nations have closed economies. Such nations would prefer to engage in international commerce to promote economic activity while they strive for economic advancement.

*3.2. Importance of an emerging market economy*:

The main force behind the expansion of the global economy is emerging capitalist economies in developing countries. Currently, emerging market countries are responsible for more than half of the growth of the global economy. By 2050, the world's leading three economies are anticipated to be the Chinese, India, as well as the United States. Out of the three nations, two have developing market economies. Investments were made in developing market economies at an increasing rate, which demonstrates investor confidence in these nations. For instance, specialized hedge funds support capital raising in such economies. An increase in foreign investments helps the local stock exchange see more trading activity and creates more revenue, which is essential for long-term economic success.

*3.3.Macroeconomics Factor*:

A trend, characteristic, or situation that has an impact on the whole economy as contrasted to just one particular population is referred to be a macroeconomic component. This definition can apply to a significant economic, environmental, or diplomatic event that has a significant effect on the economy of an area or a nation. Anything that significantly influences the economy's trajectory or direction can be categorized as a macroeconomic factor. For instance, monetary policies, as well as other laws, may have a significant impact on regional, national, and even international economies.

*3.3.1. Positive Factor*:

Events that ultimately promote economic growth and stability within a country or set of countries are examples of positive macroeconomic forces. Any event, such as a price fall, that increases demand for products or services is regarded as a favorable macroeconomic development. Domestic and international product suppliers will unavoidably gain from greater revenues brought on by an increase in client traffic as demand for goods and services rises. In reality, greater profits would significantly increase stock values.

*3.3.2. Negative Factor*:

Examples of harmful macroeconomic pressures are situations that might jeopardize the national or international economy. Concerns over economic instability carried on by a country's involvement in a civil or worldwide conflict are likely to heighten political turmoil brought on by concerns over sharing of ownership or the destruction of property, commodities, and livelihoods. Negative macroeconomic factors include global pandemics like COVID-19 or environmental catastrophes like storms, earthquakes, floods, and wildfires.

*3.3.3. Neutral Factor*:

Certain economic changes are neither good nor bad. Rather, specific results are evaluated depending on the action's goal, including such as the regulation of trade across regional and nationwide borders. According to the nation affected and the objectives behind the operation, the nature of a certain action, like enforcing or lifting an economic blockade, will have varying repercussions.

*3.4. Performance of Emerging Market Economies*:

A Goldman Sachs executive spoke on development in financial markets on the Consumer News and Business Channel (CNBC) channel in July. In his opinion, given growing worries about rising debt ratios and a strong dollar, investing in developing nations may be preferable to doing so in the US, which may bring more uncertainties as shown in Figure 2.

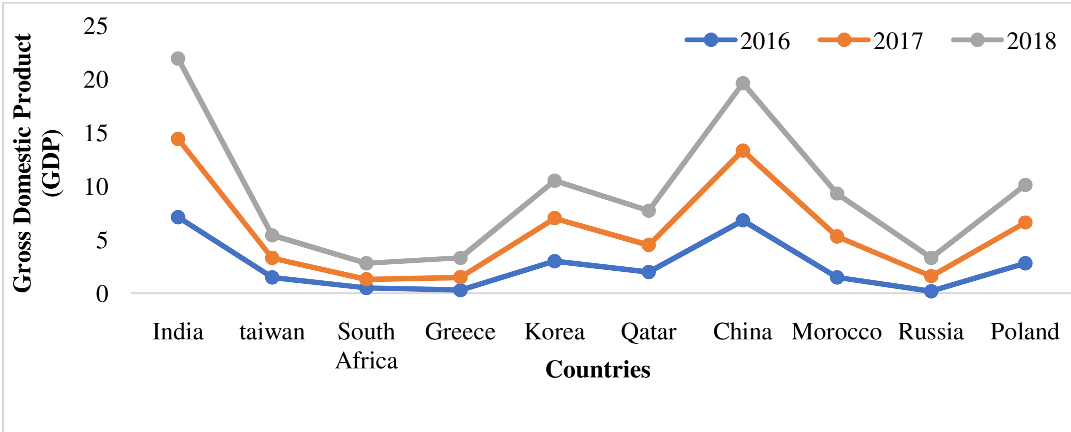


**Figure 2: IllustratesGross Domestic Product Forecast is Kicking into High Gear with Emerging Markets** [15]**.**

*3.5. Restoring Macroeconomic Resilience*:

The crisis reminded people how important it is to build economic health when times are good. To prepare for the next crisis, emerging economies should immediately begin to strengthen their financial, external, and macro-financial buffers. This includes restoring financial norms and standards that were suspended during the pandemic as well as replenishing any less external resources. Priorities will vary and will need to be acknowledged without harming potential growth, such as tightening macroeconomic policies on financial companies where there are high risks to financial stability, reducing debt and debt accumulation (fiscal consolidation), and increasing tax efficiency to reduce government services where support systems are weak (Figure 3).

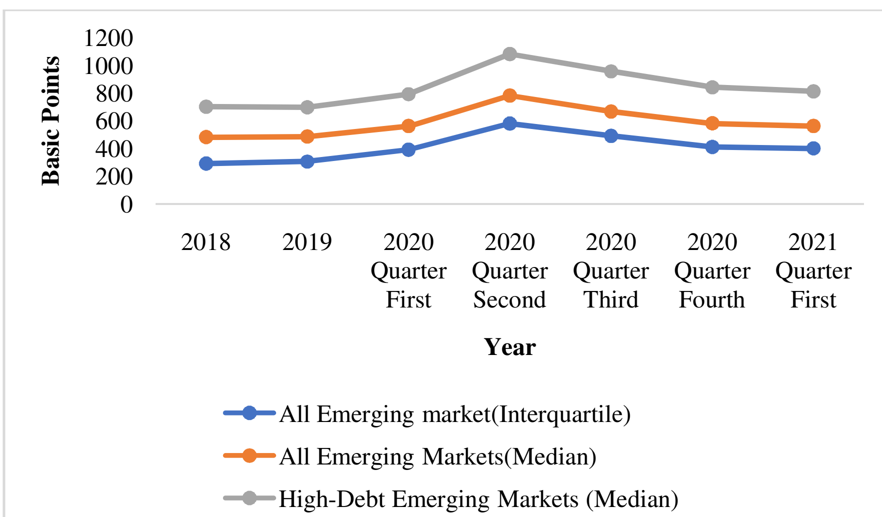


**Figure 3: Illustrates the Emerging Markets Global Bond Index shows Investors where Emerging Market Debt Typically Differ** [16]**.**

*3.6. An emerging market economy agenda on macroeconomic policy coordination*:

While advanced economies continue to struggle, some even in a recession, certain emerging market economies were recovering quickly in this climate of many economic recovery speeds. Because of this, many politicians in developed nations are more focused on hastening their local economic recovery, as if the issue with the world's financial markets has been already totally resolved. Some believe that exported growth will solve the issue of global imbalances. However, although all modern economies may have similar objectives, their fiscal and monetary environments necessitate different policy approaches.Comparatively, emerging economies are concerned with the following issues: the increase in food and energy prices; the possibility of an asset bubble and overheating as a result of concurrent monetary and fiscal policy; vulnerability to significant and changeable capital flows, which is made worse by the negative interest rates in most advanced nations; reliance on the dollar as the primary national currency; and the requirement for regional and/or global financial safety net programs to help protect against such capital inflows volatility.

*3.7. Rationale for Macroeconomic Policy Harmony*:

Coordination of policy has two justifications. According to the first, coordination can provide public goods which decentralized activities are unlikely to deliver. The second focuses on cross-country economic repercussions and the ensuing importance of coordination in evaluating economic policy externalities. Tactical game models serve as the foundation for a theoretical justification for policy coordination. These simulations demonstrate that it is possible to find a Pareto optimal evolutionarily stable strategy that benefits some countries without harming others. The main takeaway is that internalizing externalities can increase everyone's welfare if respondents agreed to coordinate their policies.Since the number of externalities, as well as public goods, heavily depends on the degree of economic cooperation between countries, the topic of external effects and social utilities has gained attention as the global economy has become more interconnected in recent years. The recent economic crisis and international financial rules are two blatant types of public goods and the existence of externalities in the age of globalization. The G-20's coordination of macroeconomic policy makes a strong argument for how a collection of countries may work together to try to tackle global issues.

## 4. CONCLUSION

This track record in the economy has helped politicians in developing countries take audacious action during the pandemic without hurting investor confidence. The issuance of bank capital reserves with the goal of lending, increasing spending, liquidity support for businesses and banks, and asset purchase programs by monetary authorities to stabilizing domestic industries are examples of economic welfare programs. The ability of advanced economies to significantly reduce domestic policy rates was also made possible by monetary easing and weak domestic inflation. Since the start of the pandemic, household income has expanded in most emerging markets. Since most household savings were used to support the government, less external borrowing was needed, and this helped limit the current budget deficit, along with a decline in private investment. The developing market world is diverse and does not focus on a single narrative. Even without a specific definition, developing markets can usually be identified by characteristics such as continued market access, moving towards middle-class status, and increasing global economic relevance. Besides revenue, there are other characteristics of a growing market. Most of these economies are capable of producing high-value goods, have strong long-term growth and stability, and are similar to developed economies in terms of income, participation in global trade, and financial market integration. However, these nations are different, and it is more difficult to differentiate between emerging economies and other growing economies. It has been suggested that emerging countries are extremely vulnerable to financial crises as well as fluctuations in the price of food and energy. In the future, it appears that developing market economies would like to see macroeconomic coordination with two main goals: first, a significant improvement in the world's economic safety net programs, and second, more predictable prices for food as well as energy.

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