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10. Techniques and methods for managing knowledge and communication
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Content

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Critical Analysis of Liberalization, Privatization & Globalization of Indian Economy

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Abstract

LPG policy was a part and parcel of New Industrial Policy 1991. The policy has proved to be an eyewash as the real growth benefits have accrued to the European Nations who dominate the IMF and World Bank. The main aim of LPG was to liberalize the economy so that private sector could work more freely with reduction in active role of government. But what the facts reveal is an ironic situation where we are just getting an insignificant part of our own growth and development due to repatriation of profits of private sector to their European Domains. Globalization which envisaged the importance of global trading has just proved to be a means for destroying our domestic industry by providing a free passage for foreign MNC's whose working motto is to destroy others and dominate with the huge economic resources they possess. The recent call to ban China product and the viral calculation messages about China's benefits from Indian Economy are just a wake up call to our Indian Counterparts to realize the ripple effects that have been serving as a slow poison for our country once called "GOLDEN SPARROW".

Keywords : Economic Planning, Liberalisation, Globalisation, Privatisation, NEP 1991, Multinational Corporations, Foreign Direct Investment (FDI)

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Introduction

India has completed nearly five decades of economic planning. During this period significant progress has been made. One of the major achievements of planning has been that the Indian economy is no longer under the clouds of colonialism. India has an independent economic structure. The country is well set to attack poverty, ignorance and disease. India's national income has been continuously increasing; its rate of growth having gone up from 3.5 percent per annum during 1950-75 to about 5 per cent per annum during 1975-91, and 6 per cent since then. The proportion of people living below the poverty line has started coming down. The birth rates have also started falling. The life expectancy rate has risen. The country has built sizeable buffer stocks of food grains. The export growth rate is picking up fast. Self-reliance in a number of industries has been increasing significantly. The industrial growth rate too is picking up. The prospects for agricultural growth are getting improved, and so on.

However, there have been serious lapses and shortcomings also. The rise of growth of national income has been below that of many developing countries. The incremental capital-output ratio has more than doubled; the domestic savings to income ratio increased a while but has now become constant. The balance of payments deficits continue to be sizeable; the inflation rate has been high; and so on.

A series of sweeping changes were announced by the Government in the form of the New Industrial Policy, 1991. The basic philosophy of the new policy has been summarised as 'continuity with change.'

The new Industrial policy seeks to achieve the following objectives:

I. To consolidate the strengths built up during the last four decades of economic planning and to build on the gains already made.
ii. To correct the distortions or weakness that may have crept in the industrial structures as it has developed over the last four decades.
iii. To maintain a sustained growth in the productivity and gainful employment.
iv. To attain international competitiveness.

The pursuit of these objectives will be tempered by

a. The need to preserve the environment,
b. The need to ensure the efficient use of available resources.

Why New Industrial Policy 1991?

Various causes responsible for the limited success of planning in India can be grouped into three parts, viz.,

1. On the side of target setting, planning has suffered from two basic defects:
   - **a.** Given the multiplicity of objectives there has been no clear-ranking of these objectives. This has resulted in a somewhat contradictory set of policies being attempted during the planning period. As a result, concessions and compromises have been extended without any compensatory advantage.
   - **b.** There have been frequent failures to distinguish between targets and instruments within a given context of decision-making.
2. As regards the choice of instruments, Indian economic planning seems to have relied largely on certain financial allocations sector-wise. It looks that it has been the belief with the planners that once the financial allocations have been made and necessary expenses incurred, their job is done, and that the desired goals and objectives would automatically follow. This has often proved wrong. Similarly, for carrying out adequate planning in a mixed economy we have hardly developed mechanisms to influence production and distribution decisions within the private sector so that they conform to national priorities. This failure is very serious considering the crucial role the private sector plays in the national economy.
3. The Indian economy has been plagued by constraints which have adversely affected the working of the plans. These various constraints can further be grouped in three parts, viz.

   a. Physical Constraints

   - **i.** There is inadequacy of infrastructure. The economy has experienced serious shortages of power, coal, transport, etc. These have adversely affected the working of the different sectors of the economy.
   - **ii.** Because of the various procedural and bureaucratic bottlenecks, decision-making is slow in India. Delays in decision-making and follow-up action have two major consequences. One , in our inflationary set-up delays lead to cost escalations. Two, these lead to the loss of opportunities.

   b. Financial Constraints

   - **i.** There has been the problem of foreign exchange, which, at times, has played havoc with the economic system.
   - **ii.** Capital-output ratio has been rising in the economy. That means, we require higher and higher amounts of capital to produce a given level of output, i.e., the productivity of capital has been declining.
   - **iii.** There are problems associated with resource mobilisation, both domestic and foreign.

c. **Social Constraints**

The level of rising expectations has reached the state which can aptly be described as 'aspiration explosion'. What has happened is that over the last five decades the masses have been exposed to the possibilities of better living conditions. The revolution in electronics and engineering taking place in the world has made people aware of the possibilities of better living conditions. But a slower rate of growth in the economy has not made it possible for these to be available to the masses. This has generated discontent. Consequently, not frequently, doubts have been raised about the usefulness of the planning mechanism.

New Industrial Policy, 1991

Prior to independence, there was substantial foreign investment in India. Almost all the tea plantations, most of jute mills, petroleum sector and many consumer goods industries were developed and owned by foreign investors belonging mostly to UK and USA. But after independence, the Government of India insisted that foreign investments will be allowed in India only in partnership with the Indian entrepreneurs, where majority of ownership and control will be in the Indian hands. Equity capital of most of foreign companies operating in India was diluted so as to ensure majority share of Indians in ownership and management. Many of the foreign companies were also nationalised and completely brought under Indian ownership. This naturally acted as a disincentive to foreign investors and significantly reduced the inflow of foreign capital. This had an adverse affect on the tempo of industrial development because the domestic savings could not provide the resources needed for development. Consequently the Government adopted a more liberal policy towards foreign capital and many concessions were given to encourage its inflow. Since 1991, the policy towards foreign capital has been made more liberal and the equity limit of foreign participation has been raised to 51 per cent or more, even upto 100 per cent in many industries.

In view of this low inflow of foreign investment, the Government of India has announced a liberal policy towards foreign capital. The new industrial Policy announced in July 1991 contains the following provisions with regard to foreign investment:

I. As against the past policy of considering all foreign investment on a case by case basis and that too within the normal ceiling of 40 per cent of total equity investment, the new policy provides for automatic approval of direct foreign investment upto 51 per cent foreign equity holding in 34 specified high-priority, capital intensive, high technology industries provided the foreign equity covers the foreign exchange involved in importing capital goods and outflows on account of dividend payments are balanced by export earnings over a period of seven years from the commencement of production.

ii. Foreign technology agreements are also liberalised for the 34 industries with firms left free to negotiate the terms of technology transfer baded on their own commercial judgement and without the need for prior Government approval for hiring foreign technicians.

iii.In order to avail of professional marketing activities for systematic exploration of world markets for foreign products, foreign equity holding upto 51 per cent will be permitted for trading companies as well; and

iv.A special Board viz., Foreign Investment Promotion Board has been set up to look into large foreign investment projects where higher foreign equity limit of more than 51 per cent may be permitted.

Further concessions were announced for foreign equity capital in 1992-93. Existing companies were permitted to raise foreign equity upto 51 per cent subject to certain prescribed guidelines. Foreign direct investment has also been allowed in exploration, production, and refining of oil and marketing of gas. NRI overseas corporate bodies are permitted to invest 100 per cent equity in high priority areas, as well as in export houses, trading houses, hotels and tourism related industries. Disinvestment of equity by foreign investors has been allowed at market rates on stock exchange as against the earlier provision of doing so at prices determined by the RBI. Foreign companies have been allowed to use their trade mark on domestic sales from May 14, 1992.

With an eye to attract Foreign Direct Investment (FDI) of $ 10 billion annually, the NDA Government, in a major policy shift, threw open (February 1, 2000) most of the industrial sectors (barring defence, aeronautics, explosives, alcohol, tobacco products) for FDI an automatic routo to NRIs and overseas corporate bodies. The main features of the latest liberalised FDI regime are :

100% FDI in following:

a. mining (including coal and lignite supply to private Indian power companies) prospecting of gold, silver diamonds and other minerals
b. pollution control-related equipment
c. films (in addition to high priority areas, export houses, trading houses, hotels and tourism-related industries, projects for electricity generation, transmission and distribution, roads and highways, ports and harbours and vehicular tunnels and bridges, which are already covered under automatic route)

74% FDI in following

a. advertising,
b. Bangalore international airport joint venture
c. Prospecting and mining of gemstones.

Critical Analysis of Nep 1991

One of the most important concerns of Economists of every developing Economy is the Protection of Domestic Industries against the Multi national Corporations (MNCs). Many of the MNC's have annual sales turnover which is larger than the aggregate GNP of the underdeveloped countries in which they operate. Their annual budget is far in excess of many developing countries. Such enormous size of operations confers upon the MNC's great economic and political power in countries where they work. These MNC's due to their huge operations, enjoy a semi-monopolistic power in the markets of these countries. The rise of MNC's and their growing sphere of influence, has helped in their development process. On the other hand, due to their dominance and oligopolistic character, they have harmed the growth of local enterprise and thus hampered the growth process.

Arguments In Favour of LPG Policy

1. **LPG Policy Covers Saving-investment GAP**

Rate of growth of an economy crucially depends upon the rate of capital formulation. Thus for rapid industrial and economic development, the country must save a considerably large part of its income and invest it in industry or other economic activities. But income level in underdeveloped countries is extremely low and savings are therefore meagre. These savings are not adequate to step up the growth rate of the economy. The gap between domestic savings and the level of investment needed to achieve the desired rate of growth can be filled by inflow of foreign capital. Thus availability of foreign capital or direct investment undertaken by the MNC's increases the overall volume of investment by supplementing domestic savings. Larger inflow of foreign capital can help in achieving faster rate of industrial and economic growth compared to that growth rate which could be achieved by limited supply of domestic capital and the consequent low rate of investment.

2. **LPG Policy Minimises Balance of Payments Problems**

In underdeveloped countries developmental imports such as imports of machinery, raw materials, etc., rise sharply as the development process catches momentum. But exports do not grow much because traditional exports such as those of raw materials, mineral areas are now no more sold abroad but are preserved for growing domestic industries. New or non traditional exports take time to pick up. Thus there is a persistent deficit in balance of payments. Foreign direct investment means that foreign companies or MNC's bring in their own machines, plants, equipment, etc., and buy other foreign goods required for their operation with their own resources thus eliminating the burden of foreign echange payments in this account. Thus the gap in the balance of payments is minimised thereby, preventing the problems of foreign payments from becoming acute or assuming the dimensions of balance of payments crises.

3. LPG Policy Fills Technology And Management Gap

The underdeveloped countries are not only short of capital, they are also far behind in the crucial spheres of technology and management skills that are so essential to the process of economic development. The foreign companies or MNC's not only bring their plant and equipment that is based on most upto date technology but also bring along their own engineers, modern methods or work in their respective spheres. This inflow expertise, skill and knowledge makes the operations of industries effective and cost efficient. In course of time, this knowledge and expertise is transferred to the local people who learn other things either by working with the foreign experts or are imparted such knowledge through workshops and training programmes.

4. LPG POLICY Ensures Most Efficient Use of Capital

The MNC's ensure efficient use of scarce capital resources. These companies with their worldwide and long experience, modern work methods and sharp entrepreneurial skills use the capital in those ventures which are most profitable and in a manner which is least risky. This ensures that capital is used in such a manner that it yields optimum results.

5. LPG POLICY Frees From Problems of Repayment

International flows of capital take two forms viz.,

I. International loans or foreign aid and

ii. Foreign direct investment or private foreign capital

With foreign aid, the advantage is that the country can use it according to its own programmes and priorities whereas FDI is used by MNC's to maximise their own profits which may not necessarily correspond with national priorities. Thus some economists prefer foreign loans to foreign direct investment. But over time such loans create their own problems. After sometime, loan has to be repaid in regular instalments. Interest on loan has also to be paid. This sum of instalment and interest paid annually is called debt servicing. Since the underdeveloped countries keep on borrowing regularly and increasingly larger funds for their development year after year, the magnitude of debt servicing also keeps on increasing. Thus the volume of net aid (gross aid minus debt servicing payments) for use in the economy gets smaller. A time may come when inflow of foreign aid may bot be sufficient enough to even meet the debt servicing obligations. Thus the country may have to borrow longer or large amounts just to meet debt servicing requirements and may get into 'international debt trap.' This is a situation in which many of the developing countries (such as Mexico) got into in the recent past. India narrowly escaped this predicament. With foreign direct investment, there is no fear of such problems, because it is an investment by the foreign companies and the nation has no liability to pay it back. They will take profits only when they earn and thus there is no such burden of debt servicing or fear of debt trap.

Arguments Against LPG

The argument that foreign capital supplements domestic savings and thus provides more capital resources for development may be correct to begin with. But as more and more FDI comes in and MNC's grow, they, through their big size of operations destroy competition, eliminate local entrepreneurs and inhabit growth of indigeneous industry. Thus growth of MNC's may be accompanied by destruction and contraction of domestic industries.

The foreign capital is thus not necessarily helpful to the economic and industrial development of less developed countries; it may rather work in the opposite direction.

1. The argument that foreign capital prevents strain on the precarious balance of payments position of the underdeveloped countries is also not very tenable. It is true that MNC's bring in their own equipment and plants and thus no foreign exchange payment is made by the country thus minimising the balance of payments difficulties. But in the long run the MNC's may cause strain in the balance of payments through repatriation of profits, interests, royalties, management fee etc.
2. It has been argued that MNC's bring the most modern technology, management, experience and knowledge, which the local people may be able to learn by working along with the foreign experts and use it in other areas of th economy. But in actual practise such techniques, method and information are kept as closely guarded and the local people may not have any access to them. Local people may, infact, not be employed to such high ranking jobs where they can

interact and learn from the foreign experts.

3. The MNC's use modern capital intensive technology which is inappropriate to the conditions in underdeveloped countries. This modern technology uses more capital but absorbs less labour. In countries where labour is in abundance and unemployment widespread, such labour saving technology is inappropriate because it does not offer many jobs and thus helps in removal of unemployment; it may in fact add to unemployment by extending automation to larger areas of the economy.
4. Experience of the underdeveloped countries shows that foreign capital instead of helping in the harmonious development of the economy, has been responsible for creating and accentuating economic imbalance in these countries. In the past, most of the foreign direct investment in the less developed countries remained concentrated in extractive industries such as mines and minerals and plantations such as tea, coffee and rubber. The motive behind such investment pattern has been not the development of the domestic economy of these countries, but earning high profits by catering to the demand of rich international clientele. Development of t ea gardens in India or investment in jute industry was motivated by such considerations. Thus, while extractive industries or export oriented production may grow, the industries catering to domestic demand may remain largely neglected, by the foreign investors.
5. Foreign capital may also lead to distortions in economic priorities and investment pattern and thus cause misallocation of resources. These MNC's are interested in producing those goods which give the maximum returns. May be the goods that offer scope for maximum profits are not the ones that fit into country's scheme of priorities. But a country inviting and accepting foreign capital has to also accept the composition and pattern of production dictated by the MNC's. Thus while a poor country may need more of ordinary cloth or drinking water, the MNC's may produce mineral water and soft drinks. This, in simple economic terms means that MNC's cause a distortion in resource allocation and production pattern by producing goods needed by the affluent sections while the urgent needs of the poor are ignored.
6. The MNC's may also lead to distortions in consumption patterns. By the massive, aggressive and sustained publicity, they can create demands and evolve market for their products. They have resources to spend and the art to attract customers. Thus, the worldwide network of MNC's in eatables like KFC, soft drinks like Pepsi and Coca Cola, junk food outlets etc., are all examples of how the MNC's have created a taste for their products and ensured wider

markets for sale. This consumption pattern may not be in tune with the food and nutritional requirements of the general masses.

7. The MNC's often use their economic power and financial strength to influence government policies. They can and some times do, corrupt politicians, bureaucrats and other influential people to secure benefits for themselves in the form of tax concessions, investment rebates, cheaper factory sites, purchase orders for their products etc. That many politicians are on the payroll's of the MNC's and pay-offs and bribes a common feature of governments bureaucratic machinery are too well-known to invite any further comments.

Conclusion :

Battling with the constant failure and mismanagement of its Economic Planning, India opted for New Industrial Policy 1991 with a major stress on Liberalisation, Privatisation, and Globalisation of the Economy. It was perceived that it will help India in getting rid of the present disorderly state of poor affairs leading to improper growth and development. However, the realities did not match with the expectations. The benefits accrued, of course, and the country is set on a course of development but the cost it had to pay for it is too heavy in terms of the Domestic Industries which were wiped out with the entry of Multinationals in the name of providing Investment and technological support to Indian Economy.

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Role and Trends of Foreign Direct Investment in India After Economic Reforms-1991

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Abstract

Foreign Direct investment plays an important role in the development of the nation. It is a big source of capital formation, transfer of advanced technologies, managerial skills, and human capital enhancement. Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. India's recently liberalised FDI policy permits up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and FDI. The main purpose of the study is to investigate the impact of FDI on economic growth in India, after economic reforms. The study also highlights country wise and region wise approvals of FDI inflows to India and the FDI inflows in different sectors. The study is based on Secondary data which have been collected through reports of the Ministry of Commerce and Industry, Economic Survey of India, Government of India, RBI bulletin, and World Investment Report. The study concludes that Mauritius emerged as the most dominant source of FDI. It is because the India has Double Taxation Avoidance Agreement (DTAA) with Mauritius and most of the foreign countries like to invest in service sector.

Keywords: Foreign Direct Investment (FDI), Economic Growth, Economic Reforms

Introduction

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign The 'home' countries want to take the advantage of the vast markets opened by industrial growth. On the other hand the 'host' countries want to acquire technological and managerial skills and supplement domestic savings and foreign exchange. Moreover, the paucity of all types of resources viz. financial, capital, entrepreneurship, technological know-how, skills and practices, access to markets- abroad- in their economic development, developing nations accepted FDI as a sole visible panacea for all their scarcities. Further, the integration of global financial markets paves ways to this explosive growth of FDI around the globe. Foreign companies invest directly in fast growing private Indian businesses to take benefits of cheaper wages and changing business environment of India. Under the deregulated regime, FERA was consolidated and amended to introduce the Foreign Exchange Management Act (FEMA), 1999. The new Act was less stringent and aimed at improving the capital account management of foreign exchange in India. Economic liberalisation started in India in wake of the 1991 economic crisis and since then FDI has steadily increased. Manmohan Singh and P. V. Narasimha Rao brought FDI in India, which subsequently generated more than one crore jobs. In 2012, UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010–2012. With its consistent growth performance and abundant high-skilled manpower, India provides enormous opportunities for investment also provides a liberal, attractive, and investor friendly investment climate. FDI in sectors/activities to the extent permitted under automatic route does not require any prior approval either by the Government or RBI. FDI in activities not covered under the automatic route requires prior Government approval. Such proposals are considered by the Foreign Investment Promotion Board (FIPB).

Objectives of the Study

1. To understand the trends and role of FDI during “Economic Reforms” period.
2. To identify the sources of FDI in India.
3. To analyse the sector wise distribution of FDI inflows

Research Methodology

The study is based on Secondary data which have been collected through reports of the Ministry of Commerce and Industry, Economic Survey of India, Government of India, RBI bulletin, and World Investment Report

Role of Foreign Direct Investment

India is a preferred destination for foreign direct investments (FDI). India's recently liberalised FDI policy permits up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and FDI. The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalized FDI regime. A number of changes were approved on the FDI policy to remove the cap in most of the sectors. Restrictions will be relaxed in sectors as diverse as civil aviation, construction development, industrial parks, commodity exchanges, petroleum and natural gas, credit-information services, mining etc. The future of Indian economy is brighter because of its huge human resource, rapidly upcoming service sector, availability of large number of competent professionals, vast market for every product, increasing impact of consumerism, absence of controls and licenses, interest of foreign entrepreneurs in India and existence of four hundred million middle class people. Today, India provides highest returns on FDI than any other country in the world.

However, the emphasis has been on Foreign Direct Investment (FDI) inflows in the:-

a) Development of infrastructure,
b) Technological up gradation of Indian Industry,
c) Projects having the potential for creating employment opportunities on a large scale and,
d) Setting up Special Economic Zones (SEZs) and establishing manufacturing units there in,

In recent years, the Government has initiated the second generation reforms under which measures have been taken to further facilitate and broaden the base of FDI in India.

FDI Policy Measures After 1991 Reforms:

The policy on Foreign Direct Investment (FDI) has been reviewed on a continuing basis and several measures announced from time to time for rationalization / liberalization of the policy and simplification of procedures. The measures adopted during this phase are as follows:

Foreign firms obtained automatic rights over international brand names in 1992.

Requirements for industrial licensing in specified industries (White goods, entertainment & electronics) were abolished and FIIs were allowed to invest in new mutual fund schemes in1993. Banks were allowed to set their rates for lending and companies were allowed to issue preferential equity to FIIs in 1994. FIIs were allowed to invest in unlisted firms and also allowed to invest 100% of funds (previous 30%) in debt instruments in 1996.100% foreign equity was allowed in infrastructure projects like ports, roads and highways in 2000. Limited FDI in Print media was also permitted in 2002 (Srivastava and Sen, 2003). Another measure to attract FDI was reduction of controls on technology and royalty payments. Restrictions on foreign collaborations investment (both financial and technological) were by and large removed. There was a detailed roadmap for hiking FDI limit to 74 % in Indian Banks (Choudhury and Mavrotas, 2003). The union cabinet decided on Oct 20, 2004 to raise the limit for foreign direct investment in domestic airlines from 40 to 49 % through automatic route while continuing to bar foreign airlines from making any direct and indirect equity participation. Cabinet meeting had also approved 100% FDI in domestic airlines by NRIs and overseas corporate bodies (OCBs) through automatic route.FDI cap in the domestic airlines sector has been enhanced from 40% to 49% and NRI investment is permitted upto 100 % with no direct or indirect equity participation by the foreign airlines. FDI upto 100 under automatic route is now permitted for development of township, housing, built up infrastructure and construction development projects. FDI cap has been increased from 49% to 74% in basic and cellular telecom services. (Economic Survey, 2005-06). To allow FDI up to 51 % with prior Government approval for retail trade of 'Single Brand' products. To increase FDI caps to 100% and permit it under the automatic route for coal & lignite mining for captive consumption, setting up infrastructure relating to marketing in Petroleum & Natural Gas sector; and exploration and mining of diamonds & precious stones (SIA Newsletter, 2007-08). 100 per cent FDI is permitted for through the automatic route in case of hotels. For trading companies 100 per cent FDI is allowed for Exports, Bulk Imports and Cash and Carry wholesale trading. For business activities in power sector like electricity generation, transmission and distribution other than atomic plants the FDI allowed is up to 100 per cent. For the production of drugs and pharmaceutical a FDI of 100 per cent is allowed, subject to the fact that the venture does not attract compulsory licensing, does not involve use of recombinant DNA technology. FDI of 49 per cent is allowed in the Banking sector through the automatic route provided the investment adheres to guidelines issued by RBI. For the Insurance sector FDI allowed is 26 per cent through the automatic route on condition of getting license from Insurance Regulatory and Development Authority (IRDA).

Up to 100 per cent equity is allowed in the 34 High Priority Industry Groups.

(SIA Newsletter, 2009-10)

Analysis of the Study

Table1: Country -Wise FDI Inflows from April 2000 to November, 2013

S.No	Name of the country	Amount of FDI inflow (in US$ million)	% age with total FDI inflow
1	Mauritius	77,083.47	36.93
2	Singapore	22,515.91	10.79
3	United Kingdom	20,671.41	9.90
4	Japan	15,269.34	7.31
5	U.S.A	11,692.93	5.60
6	Netherlands	10,472.78	5.02
7	Cyprus	7,259.63	3.48
8	Germany	6,113.50	2.93
9	France	3,780.73	1.81
10	UAE	2,637.77	1.26
11	Switzerland	2,535.36	1.21
12	Spain	1,748.19	0.84
13	South Korea	1,296.34	0.62
14	Italy	1,240.24	0.59
15	Hong Kong	1,188.99	0.57
	Total FDI Inflows	185506.59	88.86

Source: DIPP, Federal Ministry of Commerce & Industry, Government of India

The analysis indicates that large part of FDI in India is contributed by fifteen countries which is 185506.59 US $ million while remaining aprox. 11 per cent by rest of the world. Mauritius emerged as the most dominant source of FDI contributing 77,083.47 US$ million of the total investment in the country. It is because the India has Double Taxation Avoidance Agreement(DTAA) with Mauritius.

Table2: Region-wiseBreak-upof FDI Inflows (2000- 2009)

RBI's Region-wise Break-up of FDI Inflows [January 2000 – March 2009]

S.No.	Regional Offices of RBI	States Covered	Share in Total FDI inflows
1	Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	34.2
2	New Delhi	Delhi, part of Uttar Pradesh and Haryana	14.2
3	Bangalore	Karnataka	6.5
4	Ahmedabad	Gujarat	6.2
5	Chennai	Tamil Nadu, Pondicherry	5.3
6	Hyderabad	Andhra Pradesh	3.9

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7	Kolkata	West Bengal, Sikkim, Andaman & Nicobar Islands	1.4
8	Jaipur	Rajasthan	0.5
9	Chandigarh*	Chandigarh, Punjab, Haryana, Himachal Pradesh	0.4
10	Panaji	Goa	0.3
11	Kochi	Kerala, Lakshadweep	0.2
12	Bhopal	Madhya Pradesh, Chhattisgarh	0.2
13	Bhubaneshwar	Orissa	0.1
14	Guwahati	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura	0.1
15	Kanpur	Uttar Pradesh, Uttarakhand	0.0
16	Patna	Bihar, Jharkhand	0.0
17	Region not indicated		20.6

Source: SIA Newsletter, April 2009.
Note:
1. The sector-specific amount only includes inflows received through the SIA/FIPB route, acquisition of existing shares and RBI's automatic route.

Source: DIPP (SIA Newsletter, April 2009)

Mumbai share is the highest 34.2% in total FDI Inflows. Delhi ranks second in terms of FDI Inflows with share of 14.2%. Near about 50% FDI Inflows is contributed by both Mumbai and Delhi region of India.

Table3: Sector-Wise FDI inflow (2000 to 2013)

Table 3. Sector -Wise FDI Inflow from April, 2000 to November, 2013

S. No	Sectors	Amount of FDI Inflows (In US$ million)	%age with total FDI Inflows
1	Services Sector	38,713.32	18.55
2	Construction Development	22,969.45	11.00
3	Telecommunications	12,888.72	6.17
4	Computer Software & Hardwar	12,220.28	5.85
5	Drugs &Pharmaceuticals	11,570.50	5.54
6	Chemicals(OTHER THAN FERTILIZERS)	9,362.40	4.49
7	Automobile Industry	9,133.26	4.38
8	Power	8,357.23	4.00
9	Metallurgical Industries	7,780.61	3.73
10	Hotel & Tourism	6,825.56	3.27
11	Petroleum& Natural Gas	5,483.63	2.63
12	Food Processing Industries	5,230.08	2.51
13	Trading	4,236.54	2.03
14	Information & Broadcasting	3,639.93	1.74
15	Electrical Equipments	3,276.62	1.57

Source: DIPP, Federal Ministry of Commerce & Industry, Government of India

The table clearly shows that the FDI inflows in different sectors for the period April 2000 to Nov 2013 data reveals that most of the Foreign countries like to invest in service sector. A Service sector includes Financial, Banking, Insurance, Non-Financial / Business etc. Share of Service sector in total FDI is 18.55 per cent. Second largest share of FDI is in the construction development. Large amount of FDI has also taken place in telecommunication sector. The telecom industry is now become one of the fastest growing industries in India. Some Sector like Information & Broadcasting, Electrical Equipment attracts less FDI in country

Conclusion

The present study found that the FDI policy after 1991 Economic Reforms has been liberalised. The total FDI inflow in India from April 2000 to November 2013 is 311,398 US$ million. The study shows that Mauritius emerged as the most important source of FDI contributing 77,083.47 US$ million of the total investment in the country. Large part of FDI in India is contributed by fifteen countries which is 185506.59 US $ million. Among the Regional FDI Inflows share of Mumbai is highest 34.2% in total FDI Inflows. Delhi ranks second in terms of FDI Inflows with share of 14.2%. The service sectors accounted for a steeply rising share of FDI in India followed by Construction Development, Telecommunications.

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Impact of Globalization of Media Development on Indian Economy

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Abstract

The beginning of the study is to investigate the fluctuated media development due to the rapid globalization and its impact of the Media. The Globalization is the quick reconciliation and interconnection between nations for the most part on economic plane as it were globalization implies incorporation our economy with world economy. The Globalization plays crucial role in Media development not only in terms of technological, infrastructural development but also in terms of content generation as well as developing the media economics. The Globalizations can be reflected via changes in the FDI growth rate in the Media and entertainment sector, not only the FDI but emergence of many Media platforms took place in the decades due to the privatization in this sector.

The study focuses to study whether the Different Media platforms and their Content generations helps in the upliftment the growth and development of the nation's economy or distracting the path of economic reforms. A doctrinal work is applied using the secondary data to find the relevant wrap up.

Keywords: Globalizations, FDI, Media Development, Reforms.

Introduction

Indian economy had encountered real strategy changes in mid 1990s. The new monetary change, prominently known as, Liberalization, Privatization and Globalization (LPG demonstrate) went for making the Indian economy as quickest developing economy and internationally focused. The arrangement of changes embraced as for Industrial sector, exchange and in addition monetary division went for making the economy more effective. With the onset of changes to change the

Indian economy in July of 1991, another part has unfolded for India and her billion or more populace. This time of monetary move has tremendously affected the general financial advancement of every single real segment of the economy, and its belongings in the course of the most recent decade can barely be disregarded. Moreover, it additionally denotes the appearance of the genuine mix of the Indian economy into the worldwide economy.

This period of changes has likewise introduced a striking change in the Indian outlook, as it goes amiss from the customary qualities held since Independence in 1947, for example, confidence and communist approaches of monetary advancement, which principally because of the internal looking prohibitive type of administration, brought about the disengagement, general backwardness and wastefulness of the economy, among a large group of different issues. This, in spite of the way that India has dependably could possibly be on the road to success to flourishing.

Since India is rebuilding her economy, with goals of raising herself from her present destroy position on the planet, the need to accelerate her monetary advancement is significantly more objective. Furthermore, having seen the positive part that Foreign Direct Investment (FDI) has played in the quick financial development of the vast majority of the South east Asian nations and most outstandingly China, India has set out on a driven arrangement to copy the achievements of her neighbors toward the east and is attempting to offer herself as a sheltered and productive goal for FDI. The FDI can been seen not only in industrial sector , Medical sector , Infrastructural but also in the Media and entertainment sector too in different domains Many changes can been seen after the phase of the Liberalization . The changes can be seen in FDI, Development of Infrastructural in Media and Entertainment sector, Advancement of Technology from Black and White (Monochromatic Movies / Series) to 3 D movies / Series even more from Satellite Television to Netflix.

Media Sector In India Before Liberalization

Before Liberalization the Media and Entertainment sector of the Indian state was not well development and the Doordarshan plays a Hegemony role in this domain. Doordarshan plays the biggest source of information, education and Awareness Medium in this sector before Liberalization. and the second most used medium for the Information which were used before liberalization was ALL INDIA RADIO , The DD and AIR was earlier the part of the Ministry of information and Broadcasting which is the major media outlet in India .

The major changes in breaking the Hegemony can be seen after the recommendation of Chanda commission in 1964 some of the recommendation suggested that there should be Different structuring and organization for both AIR and DD; It should be semi Government body with proper monitoring on the Content regulation.

Methodology

The Research Methodology taken is Doctrinal Research. The Present study is based on the information and data available through secondary sources.

The Changing Face of Mass Communication in India - Origins of Different Organizations

As India closed its festival of 25 years of Economy this year, having started a procedure of financial change in the early part of the decade, the powers of privatization and globalization have unleashed economical changes in the nation's media. In the midst of a downpour of film-based excitement, news and current issues gave by private channels, All India Radio and Doordarshan, once the nation's formally blessed open administration telecasters, have turned out to be undecided incarnations of their previous selves.

The advancements in this media have for all intents and purposes been the creative energy of any person who has been distinctly intrigued by advertising in India. While TV began as a State claimed medium in 1959, by 1985 the situation had changed drastically and by October 1992 the Doordarshan arrange (State possessed TV) included 22 programs-delivering focuses and 539 transmitters. The physical scope of T.V. reach is 83.5% of the aggregate populace in the nation. It was evaluated that in 1994 there were around 33 million T.V. sets, of which 67% are in the urban regions. The National Readership Survey IV and V has assessed that 77% of the Urban populace and 30% of the provincial populace has entry to T.V.

As the quantity of T.V. sets expanded, the Indian viewer hunger for stimulation expanded significantly and Doordarshan was not ready to satisfy this craving. With hardly a pause in between, we saw the development and death of home video

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seeing and by 1992 link rose as an uncontested ruler. However, it soon went under risk from Satellite T.V. The Gulf war in 1991 made it conceivable and in 1991, STAR T.V. was propelled which was lapped-up by the first class high society urban communities, especially Bombay. The STAR T.V. programs achieved the places of a huge number of viewers through neighborhood link net working. STAR T.V. has 5 stations including the STAR MOVIES. In 1992, the Hindi channel Zee was propelled, which was soon trailed by ATN, CNN and served different channels. ATN presented Sun T.V. for Tamil and a channel for Malayalam programs. In 1994 Zee T.V. presented two more channels, in particular EL T.V. Channel. The EL T.V. should be a 100% excitement channel, while ZEE Channel is for taking education to the masses in various domains.

At present there are more than 100 stations transmitted through satellite TV by means of the link net work. In India stations are there broadcasting in every Indian dialect and one can see the TV each of the 24 hours. A cricket coordinate so far as that is concerned any essential occasion over the world can be seen live on TV through satellite correspondence and link arrange. All the provincial territories in the nation now have a few or the other TV organizes.

Whereas the RADIO the radio was not to be abandoned. In 1994 the All India Radio presented the FM Channel in the real urban areas like Bombay and Delhi. This medium today has picked up prevalence as it is reflected by the choice taken in June 1995 to make this divert 24 hours directs in real urban areas like Bombay and Delhi and at present from numerous different urban communities. A late idea is FM channels where the sound quality is with no impedance and loads of plugs are being communicate through these channels

They uncover the degree of quantities of populace perusing the print media and this demonstrates the scope the print media

* The quantity of daily papers reported distributed in 2005 —: 5,591
* The aggregate flow of daily papers in 2005: 13, 30, 87,588
* Combined flow of all daily papers in 19926, 70, 00,000 – 100% expansion amid most recent 12 years.
* The biggest number of daily papers and periodicals reported distributed in any Indian dialect: Hindi – 2,787
* The second biggest number of daily papers and periodicals reported distributed in any dialect: English – 579

* The biggest circled Daily: The Hindustan Times, English, Delhi [Printed from 8 centers] – 10, 49,310 duplicates
* The Second biggest circled Daily: The Times of India, English Delhi [Printed from 2 centers] – 10, 32,537 duplicates with Increase in Media Economy to more than 25%
* The third biggest circled Daily: The Hindu, English, Chennai [Printed from 11 centers] – 9, 80,232 duplicates
* The biggest circled multi-release Daily: The Times of India, (5 editions), English 17, 29,520 duplicates
* The second biggest circled multi-release Daily: Dainik Jagran (10 releases), Hindi 17,04,291 duplicates
* The biggest circled periodical: Malayala Manorma, (Weekly) Malayalam, Kottayam 10, 36,340 duplicates

And now a Days the Mass communication With advanced innovation empowering the media to give a more prominent assortment and measure of substance, the interchanges and data innovation enterprises are moving into turning into the center of the economy development, equitable way of life, culture, excitement, and instruction. With the joining of the Internet, portable media transmission, customary telecom, and print media, numerous interchanges organizations have started to put resources into new and existing advances for substance generation. Free substance makers have multiplied, satisfying the greater part of the market interest for administrations. Notwithstanding, the market incline has been to center interest in giving prevalent substance without offering different administrations to address the issues of all crowds. During the time spent changing and democratization of the nation, broad communications can be an incredible persuasive stage and gives an indispensable part in giving useful and also valuable circle to the nationals as well as comprehensively as well. Media dependably have the advantage of noticeable part in exhibiting the great, awful and revolting. There are different impacts of broad communications on the general public on the loose. Media tends to impact and it's self-evident, there are sure and also negative impacts of broad communications. Everything relies on the way gathering of people see things .

The data shows above clearly indicated the horizontal and vertical integration in the

Media and entertainment sector not only in the infrastructural development but also in the content as well as in the programming development. Let us take the case to understand in context of the programming and the context.

CASE

All India Radio Spotlight On Prime Minister's Mann Ki Baat

The All India radio aired the Programme MANN KI BAAT addressed by Sh. Narendra Modi, Honorable Prime minister of the Republic of India introduced a new and innovative concept to address the citizen of the country on different domains via use of mass media called Radio which is Widely used by the citizen of India.

PM Modi in his 22nd Edition of the MANN KI BAAT addressed the citizen to aware, educate and persuade the masses on Rio Olympics and rang on the country to empower the Athletes. He touched upon a large group of issues, similar to science, downpours (rains), disasters and threats of uncontrolled Antibiotics.

The essential subject of the Prime Ministers deliver was connected to the procedure of social advancement, monetary improvement and natural advancement. He principally focused upon games, advancement as far as innovation including Information and Communication Technology, medical problems, environment and digital wrongdoing. As well as economical development.

We see administrative endeavors towards advancement, towards better administration, and then again, the obligation of the general public towards these issues.

Some of the Points he mentioned in his motivational talks are as follows:

- Interest in Research and Development is essential, which is extremely inconsequential in our nation. Neither state nor private area is putting resources into R&D as it ought to be. We are contending with far away created nations, as well as with neighboring nations like china
- The new projects like Start-up India and Digital India are subject to development. It gets to be distinctly basic that R&D is bolstered at each level in our general public
- To diminish the death rate of pregnant ladies Prime Minister called upon specialists to commit ninth of consistently to look at the pregnant ladies. There are deficiencies of specialists in the rustic zones. In this way specialists from urban territory ought to visit country zones at any rate once in a month for this

reason

- These are the few examples and content generated via prime minister of republic of india helps to motivate the citizen and also educate them of different issues which at last result in economical growth and development of the country

Conclusions and Suggestions

To wrap up the jottings and to find out the relevant conclusion on the above written topic the above listed hypothesis are proven as after the privatization and globalization the Media industry have done a tremendous growth which resulted 100% overseas ownership of digital cable and direct-to-home (DTH) services.
Radio station and News channel FDI from 26% to 49 % as well as development of the content in various spheres and programming like introduction of Mann Ki Baat , Ravish Ki Report , and different concepts of the channels which are also sources of entertainment as well as revenue generation like Zindagi , HBO , Fox Travelor , TLC etc .
The suggestions reflects that there should be a re setup of good Autonomous monitory body for the Media and entertainment industry which is unbiased in nature and tab on the work done this companies or sector so that it should be work effectively without any hurdles and according to its Media law and ethics

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Media and Entertainment Industry and its Role in Developing Economy in India

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Abstract

The production and distribution of digital content over electronic and digital communications networks to a advance range of digital equipments is experiencing exponential growth and development. This global media aspect has essential bifurcations for growth and development but there is bereft understanding about the dynamics of this whole process, and ambiguity about many outcomes. The Indian Media and Entertainment (M&E) industry is a rising segment for the economy and is making high growth standards. Proving its potential around the globe, the M&E industry is on the apex of a powerful phase of growth, backed by rising consumer needs and improving advertising sector revenues. The industry has been mostly impelled by increasing digitization and higher internet usage over the last decade. Internet has almost become a mainstream media for entertainment for most of the people. The Indian Government has supported Media and Entertainment industry's growth by taking various initiatives like digitizing the cable distribution sector to captivate larger fundings. India is one of the uppermost spending and fastest developing advertising market in the world. The Ministry of Information and Broadcasting (I&B) is deliberately working towards promoting prosperity of doing business, which will assure indispensable arrangements and regulations to become the hub of media and entertainment field.

Keywords: Entertainment Industry, Media Business, Digital Transformation and Indian Economy.

Introduction

The Media and Entertainment Industry is at very developing stage today, as scope and growth encircle all its sectors. The Indian film industry i.e. "Bollywood" is going through increased corporatization and various conglomerates, especially those in film distribution and exhibition works. The Film industry today is producing more often the finest films based on several topics and winning applauses all over the globe.

The television industry is going through the Ming of more niche channels. Here again, emerging technologies such as broadband, DTH, IPTV and digitalization will bring about more growth. The radio industry witnessed a lot of progress, with as many as 340 FM radio licenses set-up for access across the nation. With growing literacy and gaining interest in India, this segment of the Media and Entertainment industry is ready to witness huge improving and success.

The Indian music industry is on fast growth with more international albums. Music artists are collaborating with other nation's global artists on various singles, film projects etc. This has brought up a new face for fusion music and people are highly appreciating the music and which also lead to high revenues and quite huge number of online music listeners.

Regional entertainment sector is developing and therefore, the suppliers are able to explicate their efficiency in the programs. Big brands Zee, Star networks have their regional channels for daily both entertainment and news transmission. The Television industry of southern India is one of the oldest operational and functional television sectors and has immense potential growth due to its diversified regional content. The television manufacturing brands like Videocon is giving combo offers like LED/LCD sets with dish services and Videocon set-up boxes. The Dish TV is also coming with the set up boxes along with many supplementary channels.

Increasing digitalization in the country is helping such companies in growing up to their collections and revenues. As television industry is a imperative in the entertainment field even the film makers promote their films at this platform through the reality shows, TV advertisements, etc. to reach to the maximum people. Many big Bollywood fraternity members also investing in the television industry to hold up in the race of fame and money and maintain their audiences. Audience is the decisive customer of this industry and therefore films, TV programs,

advertisements, music and all the entertainment products of this sector is based on the tastes & preferences of the people of the country.
Broadcasters are mostly investing in digital media to cherish more engagement with youth of the nation who are extensively using internet. Young people are mostly watching TV programs online which also including trending video and gaming content and exciting social media platforms that they can consume at their usefulness and convenience.

Objectives

The objective of this research is to take detailed and analytical view current media scenario on Indian Media and Entertainment Industry and its growth specially in the last decade. In particular, this research aims to achieve the following:

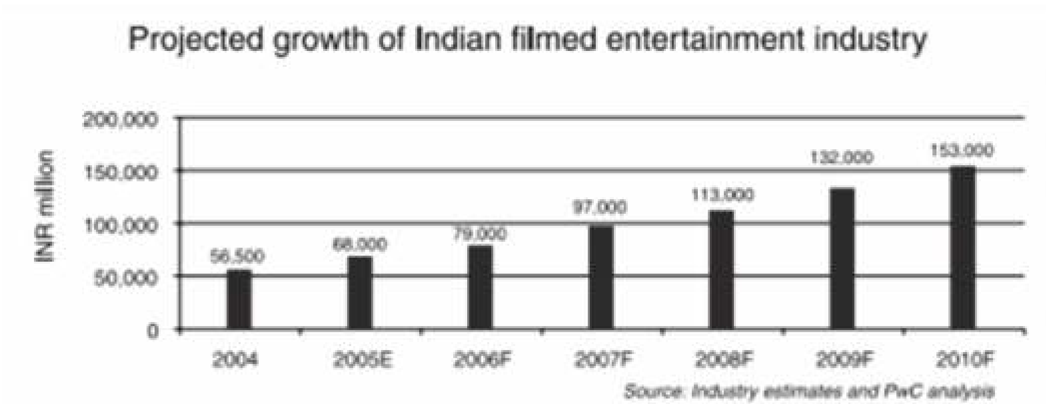
1. To discrete the Indian film industry growth and its potential and capability in respect of world cinema and how it is beneficial for Indian Economy.
2. To understand how piracy affects the economic growth of film industry and growth of electronic media in developing social and economic scenario.
3. To highlight and analyze the emerging power of digital media and social networking platforms are responsible for prospering Indian economy and growing need for content in the virtual world.

Research Methodology

This research is based on primary data and secondary data from various publications of government of India and others sources like journals, books, social media links and seminars.
Collected data have been analyzed by using descriptive statistics and diagrams to draw conclusions.

Indian Film Industry

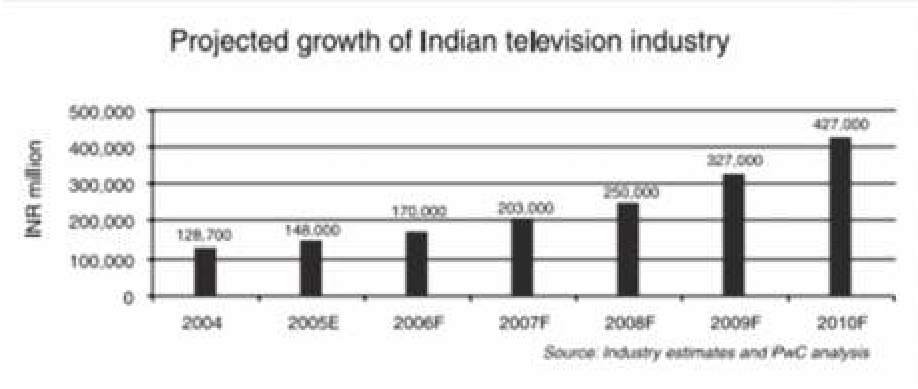
Indian film production companies are very much in use of digital media to achieve new collateral revenues and to promote films through direct customer engagement. People in India are actively consuming digital video content, Bollywood songs, video games etc that account for around 50% of Indian mobile value-added service (VAS) revenues. Going forward, Film studios will accommodate digital mediums more effectively, especially social networking sites, video networking sites, music content websites etc to engage all the mass to develop more revenues. Increased bandwidth services also have new impact on revenue streams for studios to attain band width heavy digital content, including movies and online gaming. This is the factual data of growth of Indian television industry 56,500(INR million) in 2004 to 153,000(INR million) in 2010.



The revenues collected by the Indian film industry in 2016 would reach approximately USD2.47 billion and are expected to increase further at a CAGR 9.4 percent during 2016-2020. Expanding chunk of Hollywood films in India and new age 3D, 5D and IMAX cinema is compelling the increase of digital screens in the country. India produces around 1,500 to 2,000 movies per year and it is considered to be most accelerated country that makes so much film as compared to other nations across the globe.

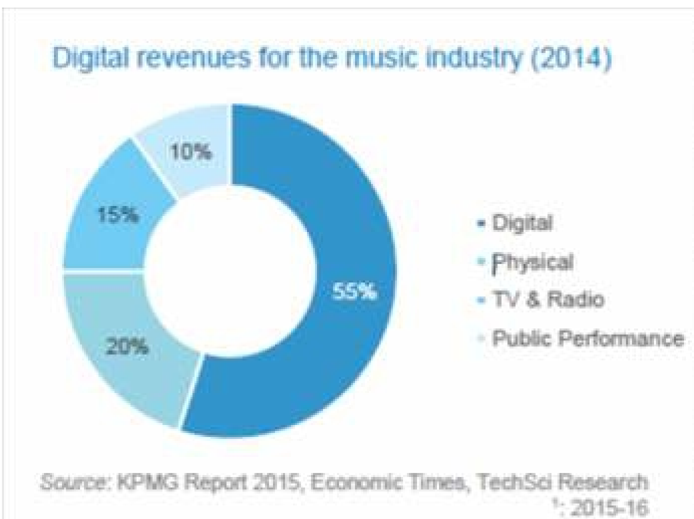
Television

Revenues of television subscribers are contemplated to be the crucial progress for the Indian television industry over the next five years. Subscription revenues will boost in both the number of pay TV homes as well as elaborated rates of subscription. The resilience of the Indian economy will pickup both in rural and urban regions to buy TV sets and take subscriptions for the services. Distribution platforms like DTH and IPTV also help in gaining the number of subscribers and building up the subscription revenues. Indian television industry growth was around 128,700(INR million) in 2004 to 427000(INR million) in 2010.



Music

The Indian music sector is on terrific development with increasing international collaborations and associations. Indian music industry is a syndicate of 142 music companies and labels that are engaging at new ways and mediums to monetize



music like utilizing social media platforms to publicize and promote music albums, songs, EPs etc. The primary means to access music now days are mostly through Mobile phones, mp3 players and iPods. Digital music on smart phones and android sets continues to drive music industry revenue and digital revenues that are predicted to reach USD321.12 million approximately by 2020. Digital revenues bestow 55 percent of the music industry, and are expected to accord close to 62 percent by 2018. Revenues of Music entertainment field shall reach around USD321.12 million by 2020 from USD169.65 million in 2008, registering a rise of 5.5 percent. In India, By 2020, the number of listeners of online music shall reach around 273 million, while the revenue collection of digital music is likely to cross USD507.7 million.

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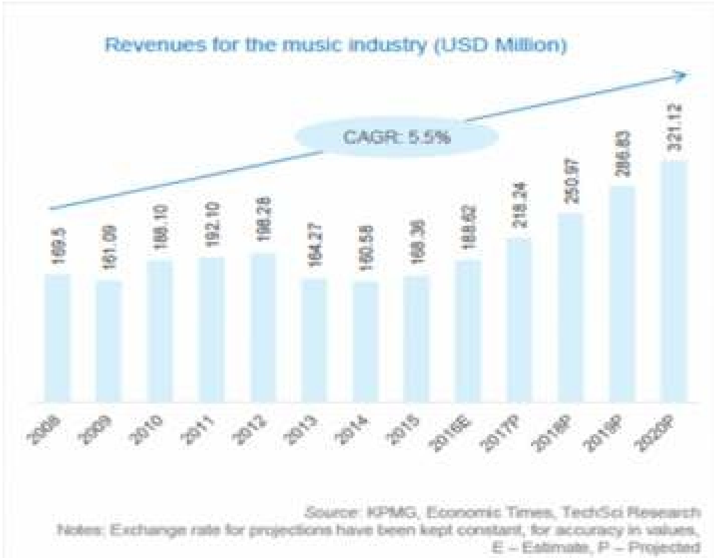
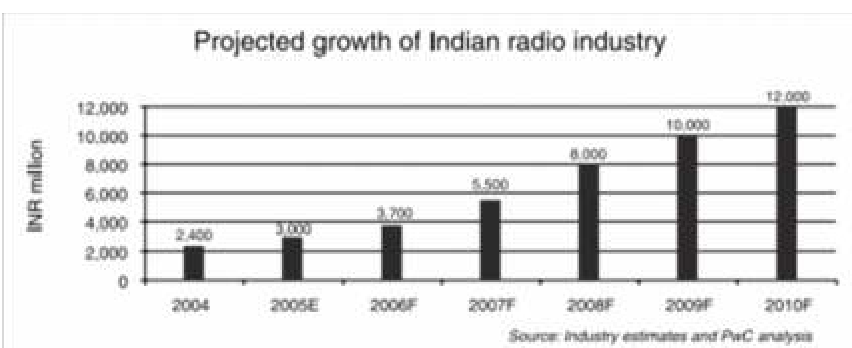


Viewership in Regional Entertainment

Radio

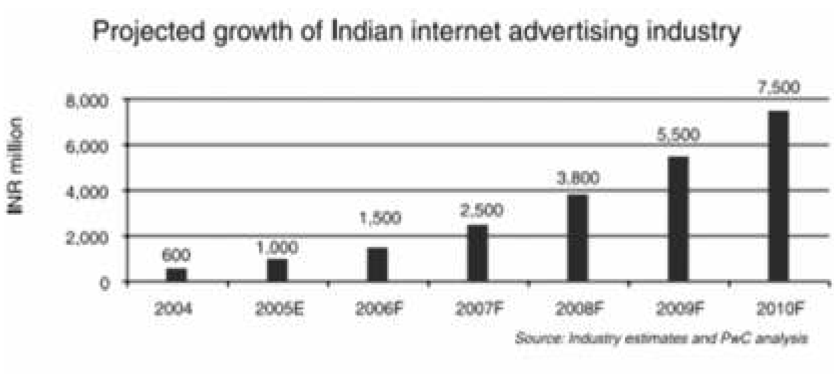
Radio is cheapest and oldest form of entertainment in the country, which is widely provided by the All India Radio and it shall go through a change in a short span of time. In 2005, the Indian government widens up the sector to foreign investment and this will be the crucial factor which would bring growth and development in this field. As many as 338 licenses are being given out by the Indian government for FM radio channels in 91 big and small towns and cities. This deluge of radio stations will result in rising need for content and professionals.



New concepts like satellite, internet and community radio have also begun to hit the market. Increasingly, radio is making a comeback in the lifestyles of Indians.

Digital Media

Internet advertising an estimated 28 million Indians is currently hooked on to the internet. And this rising number is leading to the growth of internet advertising, which today stands at approximately INR 1 billion. The internet is being used for a variety of reasons, besides work, such as chatting, leisure, doing transactions, writing blogs etc. This offers a huge opportunity to marketers to sell their products. And with broadband becoming increasingly popular, this segment is expected to grow by leaps and bounds.



The Indian home entertainment market represents just 8% of film industry revenues due to relative high pricing and piracy.86 As a result, film studios are unable to fully exploit their large libraries of content. However, studios expect the introduction of 4G and mass broadband availability to open a new market for home entertainment through the online delivery of movies over internet-connected TVs, PCs and tablets. As broadband penetration increases, there is a growing need to develop effective distribution models and for studios in India to invest in digitizing and meta-tagging content for digital delivery. Online news consumption in India is growing, up 37% year-over-year to 15.8 million unique users in 2009. However, in contrast to other countries where digital consumption has led to falling traditional readership, print circulation in India is seeing strong growth.

Barriers to Investment in the Entertainment and Media Industry

A lot more investment can be drawn into the entertainment and media industry if certain sectoral policy barriers can be addressed. Some of the issues that need to be addressed which commonly impacts all segments and need to be addressed urgently include:

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1. **Piracy:** The problem of piracy assumes a different proportion in a country such as India with an area of 3.3 million sq. km. and a population of over 1 billion speaking around 22 different languages. It impacts all sectors of the industry especially films, music and television. Most of the colorable efforts today to combat piracy have been initiated by industry governing bodies themselves. On the part of the government, lack of empowered officers for enforcement of anti-piracy laws remains the key issue that is encouraging the menace of piracy. This, coupled with the lengthy legal and arbitration procedures, is being viewed as a hindrance to the crusade against piracy. The current Copyrights Act too is dated in terms of technology improvements, and above all, it does not address the needs of the electronic media which has maximum exponents of piracy today. The draft of the Optical Disc Law to address the need for regulating piracy at the manufacturing stage is still lying with the ministry for approval.

2. Need of a uniform media policy for foreign investment: The sector currently lacks a constant and compatible media policy for foreign investment. Some of the inconsistencies include various different caps in foreign direct investment in several sectors that are mentioned below:

Television distribution: DTH 49% (strategic FDI only 20%); cable 49% (ownership can only be with India citizens).

Content (news): Television and print - 26%; radio - nil

Content (non-news): Television and print - 100%; radio 20% (only portfolio)

Market Dynamics

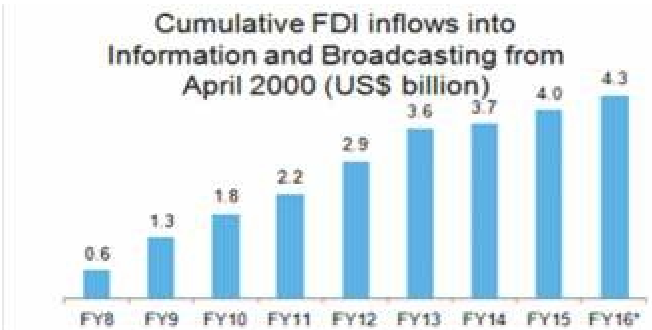
The Indian media & entertainment sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 14.3 percent to touch Rs 2.26 trillion (US$ 33.7 billion) by 2020, while revenues from advertising is expected to grow at 15.9 percent to Rs 99,400crore (US$ 14.82 billion). Over FY 2015-20, radio will likely grow at a CAGR of 16.9 percent, while digital advertising will grow at 33.5 percent. The largest segment, India's television industry, is expected to grow at a CAGR of 15 percent, while print media is expected to grow at a CAGR of 8.6 percent. India is one of the highest spending and fastest growing advertising market globally. The country's expenditure on advertising is expected to grow more than 12 percent in 2016, and accelerate to 13.9 percent in 2017, based on various media events like T20 Cricket World Cup, the Indian Premier League (IPL) and State elections.

Television segment, which continues to hold highest share of spending, is expected to grow by 12.3 percent in 2016 and 12.5 percent in 2017, led by increased spending by packaged consumer goods brands and e-commerce companies. The Foreign Direct Investment (FDI) inflows in the Information and Broadcasting (I&B) sector (including Print Media) in the period April 2000 – March 2016 stood at US$ 4.98 billion, as per data released by Department of Industrial Policy and Promotion (DIPP).

Latest update: September, 2016

Increasing Investmentsin the Secto

- FDI inflows into the entertainment sector during April 2000 to September 2015 rose up to US$ 4.3 billion.
- As on September 2015, the share of FDI in 'Information and Broadcasting' was 1.61 percent of total FDI inflows into the country.
- Demand growth, supply advantages and policy support are the key drivers in attracting FDI.



Source: Department of Industrial Policy and Promotion (DIPP), TechSci Research
Note: * indicated data till September, 2015; FDI - Foreign Direct Investment

Conclusion

With rapid advancements in technology, we believe that convergence will play a very crucial role in the development of the Indian entertainment and media industry where consumers will increasingly be calling the shots in a converged media world. Broadband access and Internet Protocol (IP) will be the technology enablers that will evolve this new breed of consumers.

In the converged world of tomorrow, content and access will no longer be in short supply. Opportunities for consumers to access and manipulate content and services will not only be abundant, but overflowing. However, consumer time and attention will be limited. Thus, established approaches of pushing exclusive content through non-linear-channels or networks to mass or segmented audiences will no longer guarantee competitive advantage.

Consumer needs are expanding beyond the mass media and segmented media to 'Lifestyle Media', a new approach that will help consumers maximize their limited time and attention to create a rich, personalized and social media environment. This approach presents many opportunities for the industry to create new avenues to generate revenue. Knowledge of 'consumer activity' rather than exclusive ownership of content or distribution assets will become the basis for competition. Businesses that capture 'consumer activity' data and use it to inform business and advertising models will be positioned to succeed. Media market places will be economically viable only if operational efficiencies can be realized through consumer activity measurement capabilities and supporting systems.

The Indian Media and Entertainment industry today has everything to make it more progressive and all the regulations that allow foreign investment, the impetus from the economy, the digital lifestyle and spending habits of the consumers and the opportunities thrown open by the advancements in technology. All it has to do is to cash in on the growth potential and the opportunities. The government, on its part, needs to play a more active role in sorting out policy-related impediments to growth. The industry needs to fight all roadblocks- such as piracy- in a concerted manner, while churning out high-quality, world class end products. The entertainment and media industry has all that it takes to be a star performer of the Indian economy.

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Impact of Economic Reforms on Generating Employment Opportunities

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Abstract

This paper contributes to understand the impact of LPG policy on generating employment opportunities in India. An economic reform shows the sign of recovery in Indian economy by generating output (GDP) at faster rate. But economic reform created customer market that is based on capital intensive techniques not on labour intensive techniques. This shows strong negative impact on employment generation and restrict the employment growth after 1991. Using the statiscal data this paper make an effort (a) to inspect the workforce participation in economic activities during 25 years of economic reforms (b) to work out the growth rate of employment and unemployment in India during the same period (c) to inspect the diversification of rural employment away from the agriculture to the non-agriculture sector during the post reform period. This paper also compares the employment growth rate of pre and post reform by critically studying the impact of LPG policy on generating employment opportunities.

Keywords: Economic Reform, Employment, GDP, Unemployment.

Introduction

After independence India was highly regulated during the four decade of economic planning (1950-1990). The objectives of five year plan were focused on development on public sector for setting up heavy and basic industries, self reliance, import-substitution strategies nationalization and state interventionist regime, while on one hand it helped in setting up some key industries like SAIL, IOC, BHEL etc. And on other hand it restricted the growth of private sector, private business plans and brought about bureaucracy-led corruption, sick public sector enterprises, deteriorating trade balance, economic and financial crisis in early 1990s. Economy annual growth rate around 3.5% which was less than Pakistan (5%), Indonesia (9%). To manage crisis, Indian PM Narshima Rao and Finance Minister Manmohan Singh approach IMF and received $7 billion as loan with a condition to remove restriction on private sector, active role of market, integration of Indian economy with world economy, Removing trade barriers and structural stability programme.

The resultant stress and pressures compelled the government to announced **NEW ECONOMY POLICY** on **24 JULY 1991**. It was having the wide range of economic reform. It is basic philosophy was summed up as "**Continuity with change**". The three basic elements of economic reform were liberalization, privatization and globalization of the Indian economy. The main objectives of economic reform were rise in GDP, export of goods & services, increase role of private sector, qualitative work etc. Today, after 25 years of this reform India economy growth rate is 7.6% which is more than economy of china. India is ranked 7^{th} as largest economy and 8^{th} as largest services exporter of the world. LPG results in economy development of India. As we know development has two aspects.

- GDP

- Employment Growth

Employment is an action by which an individual earns his/her living like business, self employed, professional etc. GDP is the total output of goods and services. Thus, levels of employment in the economy depend on the size and composition of its GDP.

After 1991, our economy was based more on capital intensive techniques instead of labour intension techniques which generated output and unemployment at faster rate. Unemployment is a situation in which an individual willing to work, able to work but enable to get job. The unemployment rate shows the ratio of the number of unemployed person with labour force per thousand.

Table No: 1

GDP & Unemployment Rate (% of Labour)		
Year	**GDP (Growth Rate)**	**UR (% of Labour)**
1990-91	5	4.3
2001-02	5.8	4.0
2002-03	3.8	4.3
2003-04	85	3.9
2004-05	33.5	3.9
2005-06	9.5	4.4
2006-07	9.7	4.3
2007-08	9.2	3.7
2008-09	6.7	4.1
2009-10	8.4	3.9
2010-11	7.9	3.5
2011-12	7.0	3.5
2012-13	5.6	3.6
2013-14	6.6	3.6
2014-15	7.2	3.6
2015-16	7.6	NA

Source - Economic survey of various year and World Bank report on unemployment.

- Unemployment rate decreased for all the workers during the years. But the absolute number of unemployment has been increased. (NSSO, 69 th round key indicators)
- On UPS criterion unemployment rate ranging between 2 to 5 percent. (2.56% in 1993-1994 and 5.0% in 2015-2016)

This implies that the new entrants in the labour market are much prone to unemployment and account for a quite significant proportion of unemployed person.

In India, employment is one of the main element of economic development. That's why employment is the key focussed area of development plans. After independence till 1970 economist thought that employment is automatically generated with growth in India. They called this situation “trickle down theory”. But after sometime they felt that employment is not generated it increasing with growth of GDP. In order to accelerate employment growth rate and tackle with economic disturbance government implement LPG model. With this approach government liberalize trade policies, privatize business enterprises, and open Indian economy door for rest of the world. LPG model increase GDP and decrease employment growth. Rapidly rising of population is one of main cause of this social disturbance.

This paper shows situation of labour force in Indian economy and try to answer causes of this situation.

Employment Growth in India

Table No: 2

years	Sectors			
	Primary sector	Secondary sector	Tertiary sector	Total
1983-88	0.28	6.44	2.11	1.53
1988-94	2.16	0.14	5.03	2.39
1994-2000	0.05	2.44	2.85	1.04
2000-05	1.40	5.83	4.08	2.81
2005-10	-1.63	3.46	1.59	0.22

Source: Estimation from NSS Reports

Employment Growth

Employment growth rate of various years was approximately 2%. During the period 1983-94 employment growth rate was 2.39% but it decreased by 1.35% in the next period (1994-2000). It saws with the initiation of LPG model employment spurt surprisingly. But after that it started decline. At present, Indian economy is the 7th largest economy of the world. It is also big exporter of many goods like- jute, spices, tea, cotton etc. Instead of that sufficient employment opportunities we're not created by all the sectors of the economy. Tertiary and industry sector try to generate employment. Primary sector suffer with lacking of resource due to that people loosing their work. It creates chronic unemployment in the economy. There are many reasons of low employment growth rate like- adoption of capital intensive techniques, lacking of knowledge and skills in labour force etc.

At present employment growth rate was negligible. We all hope that this situation may be change in near future.

Employment Elasticity

Table No: 3

Years	Employment Elasticity
1987-94	0.43
1994-2000	0.15
2000-05	0.50
2005-10	0.02
2010-13	0.18

Source:-Estimation based from RBI Report

Employment elasticity is a measure of percentage change in employment with respect to one percentage change in GDP. It shows employment generating power of an economy.

Employment elasticity of economy was 0.43% during the period 1987-94 but later employment growth rate slow down by 0.28% in (1994- 2000) period. In 2000-05, employment elasticity was maximum as compared to other periods. This was because GDP growth rate was 33.5%.

This above data shows Indian economy is not capable in producing more employment for existing labour force. In 2010-2013 employment elasticity was 0.18 which seems to be negligible for the existing population.

According to RBI report 0.1 million peoples getting job In 2014 as compared to 0.4million in 2013. LPG policy became curse for the labour force because firm became capital intensive by getting heavy funding from foreign countries. This expansion of firms creates huge unemployment in India. The rate of unemployment raise from 2.56% to 5.0% in on UPS criterion in 25 years.

Informalisation of Indian Workforce:

Since Independence, the main objective of Indian planning is to enhance living standard of the individuals by providing job and job security. Over the years, The quality of employment had also deteriorated. Even after working for more than 10-20 years, some workers do not get maternity benefit, providing fund, gravity and pension. **Informalisation of workforce** means large proportion of total workforce working in informal sector. Where labour laws not applied. Worker income not monitored and taxed by government.

The employment structure in India can be studied with respect to two kinds of sectors.

- Formal or Organised Sector (Employment is fixed and regular)

- Informal or Unorganised Sector (Employment is not fixed and regular)

- Formal or Organised Sector:

Formal sector refers to those enterprises in which 10 or more workers are employed with job security.

Organised Sector

- Provide social security benefits.
- Government protection.
- provides work to just 7% of total workforce.

Table No: 4

Employment in formal (Organised sector in million)

Years	Public Sector	Private Sector	Number of individuals in Register
1987-88	18.32	7.39	30.05
1988-89	18.51	7.45	32.78
1989-90	18.77	7.58	34.63
1990-91	19.06	7.68	36.30
1991-92	19.21	7.85	36.76
1992-93	19.33	7.85	36.28
1993-94	19.45	7.93	36.69
2000-01	19.14	8.65	42.00
2001-02	18.77	8.43	41.17
2002-03	18.58	8.42	41.39

2003-04	18.20	8.25	40.46
2004-05	18.01	8.45	39.35
2005-06	18.19	8.77	41.47
2006-07	18.00	9.24	39.97
2007-08	17.67	9.88	39.11
2008-09	17.80	10.38	38.15
2009-10	17.86	10.85	38.83
2010-11	17.55	11.45	40.17
2011-12	17.61	12.04	44.49
2012-13	NA	NA	46.80
2013-14	NA	NA	48.26

Source: As per RBI Report

Due to failure of formal sector generating employment, India started paying attention to enterprises and workers in the informal sector

Informal or Unorganised Sector:

Informal sector refers to those enterprises in which less than 10 workers are employed with no job security. For example farmer, agricultural labours, owner of small enterprises etc.

Unorganised Sector

- Not have Government protection.
- Live in slums and are squatters.
- Sector use outdated technology.

Distribution of workforce in formal & informal Sector:

Formal & Informal employment provided in organised and unorganized sectors to the labour force for their survival. All the peoples works are categorized under there sector as informal and formal workers.

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Table No 5:

Formal & Informal Employment in Organized & Unorganized Sector

Years	Informal	Formal	Total
1999-2000	368	28	396
2004-05	423	35	458
2009-10	427	33	460

Source:- Estimation from planning commission report

The above data shows only 7% are employed in formal sector & 93% are in the informal sector. It means 93% labour force struggle for their survival because of not having regularity in job and fixed earnings. It shows that large part of the population suffers from under employment. Under employment is that situation in which individual skills, education, capabilities not utilize fully. Each and every person not getting job as per their profile. They compel to work for survival. For example- An MBA individual work as waiter. Here it's skill are more than waiter. This is one of the major concerns of economic development. Indian youth skills going waste.

Labour Force and Workforce Participation Rates

Labour force refers to that part of population which supplies or offers labour for production. It includes both employed and unemployed Individuals.

Labour Force Participation Rate: LFPR is a measure of the percentage of employed or unemployed people of country's population. For example an individual CA working in company or seeking for job both are the part of labour force.

Work participation is the percentage of employed people of country's population. Labour force shows supply side of labour engage in economy and work participation rate shows employment generating ability (demand side) of the economy.
Labour force participation rate has not remained fixed over a period of time. Specific participation rate changes overtime in response to economic, social and cultural factors.

Table No 6:
Labour Force and Workforce Participation Rates (UPSS Basis in Percentage)

	1993-94	1999-00	2004-05	2009-10	2013-14	2015-16
Labour Force Participation Rate (LFPR)						
Rural	44.5	42.3	44.6	41.4	58.8	55.8
Urban	35.4	35.4	38.2	36.2	47.9	43.7
Total	-	-	43	39.7	55.6	52.4
Work Force Participation Rate (WFPR)						
Rural	NA	41.7	43.9	40.8	57.7	53.5
Urban	NA	33.7	36.5	35	45.5	41.8
Total	NA	34.7	42.0	34.7	53.7	50.5

Source: NSS Report of Various rounds.

LFPR increased continuously during the post reform period. The above data shows active participation of Rural and Urban areas. In 1993-94 LFPR as per UPSS basis 44.5% of population increases to 55.8% of population in 2015-16 in rural areas. On the other hand workforce participation rate is 41.7% of population in 1999-2000 it increased to 33.5% of population but WFPR is always below LFPR which is good sign of development because India economy was unable to provide equal opportunity to all the people. There was 0.5% different in LFPR and WFPR in 2009-10 but now condition is constant like other years differences in LFPR and WFPR is 1.9%.

Changing Structure of Employment

Economic reform mainly focussed on the development of Indian economy by reducing the proportion of people dependency as agriculture. Emergences of private sector develop industry (Secondary Sector) and tertiary sector of the economy. There is turn endows growth in service sector in the form of banking, telecom, trade and services sector. Service sector contribution increased from 43.05% (1987-88) to 57.9% (2014-15) in GDP. Obviously, increment in output demands more labour for fulfilling requirements on the other hand agriculture sector output decline by 14%.

Economic reform reduces the population dependency on agriculture by providing new opportunity in non-agriculture sector. These changes shift the number of self employed worker to salary wage worker or casual wage worker.

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Table No 7:
Contribution in GDP by various sectors (in % of 100)

Sector		1987-88	1993-94	1999-00	2004-05	2009-10	2013-14	2014-15	2015-16
Primary Sector	Agriculture Sector	31.72	30.01	24.99	20.20	15.23	17.4	17.9	17
Secondary Sector	Non - Agriculture Sector	25.23	25.2 3	25.32	26.24	25.92	25.8	24.2	29.7
Tertiary Sector		43.05	43.05	49.69	58.56	58.84	56.9	57.9	45

Source: Estimation based on national Accounts of Statistics CSO.

Table No 8:
Employment shares of Major Sector (in %)

	1983-84	1991-92	1993-94	1999-00	2004-05	2006-07	2009-10	2012-13	2013-14
Primary Sector	66.08	66.8	66.38	57.70	52.69	50.80	53.80	49.0	46.9
Secondary Sector	14.17	12.7	15.82	17.56	18.82	19.76	20.90	20.0	22.2
Tertiary Sector	19.74	20.5	23.80	25.74	28.47	29.43	25.39	31.0	30.9

Source: Own estimation from Ministry of Labour and Employment.

There have been significant changes in the spectral pattern of the economy. Economic reform resulted favourable for the entire sector. Firstly it reduces the burden of land by shifting employees in other sectors. Secondly, similarly, it generate work force for two other sector. Above data shows GDP increase by 04% in 27 years but employment showed increased by 6% in secondary sector.
Economic reforms show favourable effect on secondary sector growth. There has been a sharper 14% decline of agriculture share in GDP. This all because of using modern techniques in agriculture instead of tradition techniques. For example use of thresher machines instead of manual labour. Employment share of agriculture reduce from 66.8 to 46.9.

It compel rural labour force for migrating in urban areas. In urban areas these worker had job in various non agriculture output. But because of not having proper education and skills some remained unemployed like from above data we analysis that 16% population absorbed by non- agriculture sector from 20% unemployed workforce. This situation lead to create structural unemployment. Now a days, our agriculture sector suffered with lacking of resources like finance, knowledge and farming skills etc. This may also crush backbone of our country. In spite of all this secondary and territory sector growing fastly in India . Foreign investors are interested in investing Indian projects which generate employment in near future. Many MNC's are working in Indian market which provides employment to mass population of India. At present Indian economy is the one of the strong economy of the world. All signs of development show by the Indian economy.

Table No 9:
Distribution of UPPS worker (in %)

Years	Self Employed	Regular Employees	Casual Labour
1987-88	55.98	14.44	29.58
1993-94	54.70	13.53	31.77
1999-00	52.61	14.65	32.75
2004-05	56.38	15.35	28.27
2009-10	50.58	16.63	32.79
2013-14	50.5	15.4	34.00
2015-16	47.2	16.2	36.60

Source: NSSO report of various years on employment and unemployment.

Deterioration in the Quality Of Employment:
Deterioration means downfall in the qualities of employment. Qualities of employment means better work place condition, fixed earnings, regularity in job, good relation with colleagues etc. But at present there qualities decline sharply. In private sector people work more in less earning. Human capital exploited by private sector. Because of profit maximization motives human values had ignored. It is one of the form of unemployment and main cause of increase in the casualisation of the work force from 1987 to 2016; we divided this time in two periods. One is 1987 to 2005, in this period self employed person increased with reducing casual worker person but in second period (2004-05 to 2015-16) self employed percentage

decreased by 11% and with 8% casual labour percentage increase. This was due to NREGA programme.

Casualisation of employment does not assure adequate days of employment and income to meet basic necessities of labour households. There is significant increase in the regular salary worker. This category is good from self employed and casual worker.

Employment as Major Challenge

1 In Indian labour market, employment is falling in the formal sector where all the labour laws apply. Public sector must generate optimum level of employment in both organised and unorganized sector. In order to reduce unemployment in the economy.

2 The main cause of falling employment was use of capital intensive techniques. It means which work done by for example 7 persons in past, now that completed by 3 persons plus 1 machine. Despite of availability of low cost labour firm not hiring them. Firm should operate those techniques by which more labour force get employed.

3 Better workplace should be provided to the labour. Like- good safety measures, clean drinking water, well maintained machine etc. In order to avoid resignation of employees.

4 Education system should be linked with practical life in form of training programs as part of curriculum in order to give qualitative education.

5 Work readiness ability of employees should be maintained by providing regularity in job, on the job training etc. It helpful in reducing disguised unemployment.

6 Public expenditure should be invested in employment generating project.

Furthermore, social policies should be modified to give importance to human capital

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