

SAMBHRAM SCHOOL OF MANAGEMENT

Faculty Development Program

August 19, 2015

On

"INDIA'S ECONOMIC REFORMS FROM MANAGEMENT PERSPECTIVE" - THE REPORT

Sambhram School of Management has been conducting a series of programs to enlighten the teaching fraternity. Taking this legacy forward there was a FDP-cum-Interactive Session with Prof. M. Govinda Rao, an Eminent Economist, Emeritus Professor, National Institute of Public Finance and Policy and Former Member, Fourteenth Finance Commission on August 19, 2015. The Faculty Development Program was attended by faculty members from various colleges across Bangalore including our own Faculty team.

Prof. Rao opened the Session by referring to his recent article "*Tyranny of Status Quo - the Challenges of Reforming the Indian Tax System*" as a cross sectional analysis of practices, strategies and policies of the Indian Political Administration in the recent times.

He was of the view that the pace of economic reforms since the times of Independence has picked up but the speed has not matched with the speed of Global Economic Reforms. The deceleration in the economic growth is attributed to three sets of factors: structural rigidities, lag in infrastructural growth and price fluctuations.

He articulated that it is very difficult to strike a right balance between demand and supply factors in areas like resources, job market etc as Indian economy is highly diversified one. A strategically controlled price balancing system must be evolved to absorb the variations in demand and supply caused by the market forces. The tax regime in the country lacks transparency and it has failed to bridge the widening gap between rich and the poor. Structural rigidities and the unilateral execution policies of the Government have created roadblocks in the implementation of the Goods and Service Tax. Ineffective implementation of the tax norms has slowed down the pace of reforms in the country.

India, despite being bestowed with factor endowments is not in a highly competitive position to compete with countries like China, Korea etc as these countries have more liberal labor laws and less rigidities in their economic system. Indian economy has witnessed a noticeable growth since the start of liberalization and privatization process in the country but the nature of growth story in India is services led growth, and hence, more thrust has to be laid on the manufacturing sector. The Government is emphasizing on bringing about "Inclusive Growth" which requires participation of people in the growth process and also formulation of policies for the empowerment of the common man. Prof. Rao also mentioned about "Make in Campaign" started by the new Government and opined that the same has not been able to make any impact as India still continues to import most of the products and its exports are not able to match the imports.

He stated that delays in environmental clearance and land acquisition issues has led to the stalling of many infrastructural projects which in turn has resulted in the ballooning of NPAs in the books of banks.

He cited the example of China which has continuously undervalued its currency to make its exports look attractive and has now landed in trouble with the growth rate slowing down and pressure being mounted by the US on the Asian Dragon to devalue its currency. Both China and India which had clocked a growth rate of 9% to 10% is now seeing a drastic decline in the same.

He also voiced his concern on the issues of Governance in India and attributed bad economic policies as the cause for many scams and scandals rocking the country praising the role played by Reserve Bank of India, Securities Exchange Board of India and Competition Commission of India as regulatory bodies and was upbeat on the road ahead for India emerging as the fastest growing economy of the world. The end session witnessed interactions and cross debate amongst all participants with the Resource person. Prof Vithal D Potdar, Principal, Nagarjuna College of Commerce and Management extended vote of thanks at the end.

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