

## MKM227 Postgraduate Dissertation

Student Number U123003

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**[Globalisation and Power Shift to Emerging Economies: The Case Study of  
India]**

A dissertation submitted in partial fulfilment of the requirements of the Royal Docks  
Business School, University of East London for the degree of **[Msc. International  
Business Management]**

**[09/2013]**

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I declare that no material contained in the thesis has been used in any other submission for  
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## ABSTRACT

The BRIC (Brazil, Russia, India and China) countries are emerging at a very high pace and many academics are predicting that these countries will be the next global superpowers by replacing the current global economic order namely the G7. Globalisation is seen as a key, if not, the driving force behind BRIC countries becoming global players. Goldmann & Sachs predicted that India will be by 2050 India will be a superpower. This work will show that globalisation has helped India shape new international markets and has given new challenges to the current economic order. In this explorative work the author will show that India is fulfilling the predictions that the nation with an estimated population of 1 billion plus; that gained independence in 1947 – is now more than challenging developed economic powers. Nonetheless, the future is difficult to predict and India faces many challenges both internal and external to replace developed super economies in at least the **author's lifetime. Although** globalisation may have promoted greater economic convergence it is not **any solution to India's poverty and social inequality. This work will assert** that the country requires its leaders and government to offer its citizens good decent education, training and employment – not merely to the middle classes and affluent base but more so to the rural masses. This is an untapped economic super-base, the figures range from 200 million to 300 million who are illiterate and do not have basic education; however once nurtured and developed will be a powerful unstoppable force that will be the envy of any nation on the planet.

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## Contents

ABSTRACT .....	9
ACKNOWLEDGEMENT .....	10
INTRODUCTION .....	16
CHAPTER 1. WHY INDIA? .....	19
1.1 An Introduction to Indian Economy .....	19
1.2 Large and Growing Population .....	19
1.3 Young Population .....	20
1.4 Developing .....	20
1.5 Foreign Direct Investment (FDI) .....	21
CHAPTER 2. CRITICAL LITERATURE REVIEW .....	21
2.1 Introduction .....	22
2.1.1 Globalisation and effects .....	23
2.1.2 Global shift .....	28
CHAPTER 3. INDIA - A BACKWARD COUNTRY AND GLOBALISATION....	30
3.1 Uneven and Combined Development - India the Backward Country .....	31
3.1.1 Uneven Development in India .....	34
CHAPTER 4. RESEARCH METHODOLOGY .....	37
4.1 Introduction .....	37
4.2 Methodology .....	38
4.3 Pros and Cons of Mixed Methodology .....	39
4.4 The variables of the Quantitative Analysis .....	40
4.4.1 Criteria for selecting the participant will include the sample of 100.....	42
4.5 Reliability and validity .....	43
4.6 Phase 2 qualitative data collection .....	43
CHAPTER 5. DATA ANALYSIS .....	45
5.1 Data Analysis of Primary Sources .....	45
5.1.1 Quantitative phase1 Indian Survey .....	45
5.1.2 Quantitative phase 2 UK Survey .....	53
5.1.3 Qualitative Phase - Semi Structured Interviews .....	60
5.1.4 UK - the Interviews .....	66

5.2	Data Analysis Secondary Sources .....	68
5.2.1	SECTORS .....	69
5.2.2	Challenges .....	72
5.3	<b>Indian FDI Inflow's Current Scenario</b> .....	74
5.4	Major weaknesses of larger FDI inflows in India .....	74
5.4.1	<b>India's poor competitive Edge:</b> .....	74
5.4.2	Restrictive FDI regime .....	75
5.4.3	High tariff rates by international standards and Inflexible labour Laws .....	75
5.4.4	Lack of decision-making authority with the state governments .....	75
	CONCLUSIONS AND RECOMMENDATIONS .....	76
	CHAPTER 6. REFERENCES AND BIBLIOGRAPHY .....	79
	APPENDIX A SUPPORTING DATA .....	89
	APPENDIX B INDIAN SURVEYS RESULTS .....	102
	APPENDIX C UK SURVEY RESULTS .....	105
	APPENDIX D UK INTERVIEWS .....	108
	APPENDIX E INDIA INTERVIEWS .....	117

## List of Figures

Figure 1: Most important areas .....	47
Figure 2: Most and Least Improved are In Indian society .....	48
Figure 3: Ranking of the areas on which Indian Authorities should concentrate .....	52
Figure 4: Potential superpower in future.....	53
Figure 5: Ranking of Most Important Area .....	55
Figure 6: Ranking of most improved areas .....	56
Figure 7: Preferences of the variables that means economic development to respondents .....	59
Figure 8: Overview of BRICS 2010 .....	91
<b>Figure 9: China's Oil production and consumption. 1977-2005.....</b>	<b>95</b>
<b>Figure 10: India's Oil Production and Consumption. 1977-2005. ....</b>	<b>96</b>
Figure 11: Formal and Informal Employment sectors .....	96
Figure 12: Map of India Per Capita GDP .....	97
Figure 13: Most Improved Areas in India .....	102
Figure 14: Ranking of Most Improved Areas in India .....	102
Figure 15: Current Living Standard of Indian respondents .....	103
Figure 16: The areas on which Indian Authorities Should concentrate .....	103
Figure 17: Meaning of Economic Development to Respondents.....	104
Figure 18: Potential Superpower in Future According to Indian Respondents .....	104
Figure 19: Most Important Areas to Indian Society.....	105
Figure 20: Ranking of Most Improved Areas in India .....	105
Figure 21: The Areas on Which Indian Authorities Should concentrate .....	106
Figure 22: Meaning of Economic Development .....	106
Figure 23: Potential Superpower In Future according to UK respondents ...	107

## **List of Tables**

Table 1: Indian economic and trading system world in the last decade .....	90
Table 2: Comparative Growth Rates of Development Economies Average Annual Rates 1960-88.....	92
Table 3: National tariff rates, 1985, %of value .....	93
Table 4: Ranking of Twelve <b>Asian countries on Transparency International's</b> 2000 Corruption Perception Index .....	98
Table 5: Roads and Highways in India .....	99
Table 6: Status of road Network – India and China.....	100
Table 7: Share of top 10 Investing Countries in India (%).....	101

## List of Charts

Chart 1: Most important areas to Indian society .....	46
Chart 2: Most improved areas in Indian society .....	48
Chart 3: Living standard of the respondents .....	49
Chart 4: Key factors to push Indian economy and prosperity ahead .....	50
Chart 5: Meaning of economic development to people .....	51
Chart 6: Most Important areas to Indian Society .....	54
Chart 7: Most improved areas in Indian Society .....	56
<b>Chart 8: Key factors that are important to push India's Economy and Prosperity .....</b>	<b>57</b>
Chart 9: Meaning to economic development to respondents.....	58
Chart 10: Potential Superpower in future.....	60
Chart 11: Overtaking the G6: When BRICs' US\$GDP Would Exceed G6 .....	94
Chart 12: Breakdown of components of average real growth in GDP at PPP (2011-2050) .....	95

# INTRODUCTION

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**Ghandhi said** “*The economic imperialism of a single tiny island kingdom (England) is today keeping the world in chains. If an entire nation of 300 million took to similar economic exploitation, it would strip the world bare like locust.*” Ramachandra Guha (2010).

- I. In the **context of the author’s postgraduate course, emerging economies, global power shift and globalisation** are key words that have become the buzz discourse for so many economic **commentators. In today’s world when successful businesses are** talked about; the success of the business means how successful the business is around the globe and how big the profit is from different countries around the world. The expansion of the business can be in terms of joint ventures, franchises, companies opening their business branches in other countries or producing the products in other countries (due to cheap labour or better quality) rather than their home base.
- II. To begin with it is essential to introduce and define the key buzz words (i.e. globalisation and BRICs). There are many definitions (or perceptions) of globalisation. Jan Aart Scholte (2000) asserts that there are confusions about globalisation because of the vast availability of literature. These confusions will continue because of the more specific conceptions are highly diverse.

The discourse of globalisation is overwhelming. There are many explanations on the subject topic. Lary Ray (2007) argued that globalisation is good for international business as well as it has the ability to empower poor people and countries. The commentator also states that **critics on the other hand argue that** “*globalisation enriches global elite at the expense of labour, poor countries and*



*environment while eviscerating the ability of national governments to respond.”*

As this study is not merely a commentary on globalisation, the author for the most part concurs with David Held & Anthony McGrew, David Goldblatt & Jonathan Perraton (1999). According to **them** *“world is rapidly being moulded into a shared social space by economic and technological forces and that developments in one region of the world can have profound consequences for the life chances of individuals and communities on the other side of the globe”*.

So the thesis of this work is that India is a bio-product of globalisation and will continue to grow and develop but this will not be a smooth journey. Pradeep S. Mehta and Purnima Purohit (2001) emphasised that India rapidly is becoming a part of globalising economy and is increasingly getting closely connected with the economic and trading system world in the last decade (See Appendix A, Table 1).

- III. To continue introducing the central theme of this work, BRICS are the following countries (Brazil, Russia, India, China and South Africa) that are claiming their position as future world economic leaders. The BRICS report (2012) R Purushothaman, claims that as producers of goods and services, receivers of capital and as potential consumer markets, BRICS countries play a very important **role in world's economy. These five countries** cover 40% of the **world's population and 25% of the total global GDP**. If GDP in terms of PPP (Purchasing Power Parity) is compared then these economies are in the top ten shown in

IV.

V.

1	GDP in PPP (in US\$ Billion)		GDP (US\$ billion)		Share in World GDP (in per cent)		Per Capita GDP (US\$)	
	Rank in world	GDP	1990	2010	1990	2010	1990	2010
	2	3	4	5	6	7	8	9
Brazil	8	2,172	508	2,090	3.3	2.9	3,464	10,816
Russia	6	2,223	-	1,465	-	3.0	-	10,437
India	4	4,060	326	1,538	3.1	5.4	378	1,265
China	2	10,086	390	5,878	3.9	13.6	341	4,382
South Arica	26	524	112	357	0.9	0.7	5,456	7,158

VI. **Figure 8: Overview of BRICS 2010.** Moreover a huge land share is encompassed by the BRICS and therefore own enormous natural resources.

The report also affirm that by looking at the growth of all developed and developing countries, it is perceived that the rate of growth of developing countries and predominantly BRICS have **significant impact on the world's economy. In the first of many** such analysis Goldman Sachs estimated that by 2050 the original BRIC countries are expected to represent 47% of total global GDP **and it will have great influence over the list of the world's 10** largest economies.

VII. In first chapter the author will explain why India has been chosen as the case study of this work. The chapter will give a brief introduction to the Indian economy - discuss India as an emerging economy. In the second chapter the author of the dissertation will attempt to critically review the relevant literature on the subject topic. This literature review includes the effects of globalisation which supports the evidence of India becoming a superpower and it

also describes the key issues of globalisation which are pushing India backwards. The Chapter 3 gives a brief introduction to globalisation, followed by the impact globalisation in India and the economic power shift that is happening currently from the West to East. This chapter will further **explore the theory of 'Uneven and Combined Development'** and then explain the uneven development in India. In chapter 4 the methods used to gather research of this work will be discussed including the methods applied and the limitations of such applications. Chapter 5 will include data analysis of the primary findings and the analysis of secondary data.

This will be followed by executive conclusions and recommendations. When I hope to be in a position to show how India (BRICs) are a bio-product of globalisation, and with continued modernisation and reforms in author's **home country can compete** and challenge the current intellectual economic order.

# CHAPTER 1. WHY INDIA?

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*“I consider India not just a regional power, but a global **power**”* (Hillary Clinton, 2009, cited in Nicholas Kitchen)

## 1.1 An Introduction to Indian Economy

Maps of India in their article ‘**Indian economy**’ claims that in terms of purchasing power India has the third economy in the world and as predicted by Goldman and Sachs, the Global Investment Bank, India would be the third largest economy of the world by 2035 just after US and China. It will grow to 60% of the size of US economy but to achieve the current milestone of 9% GDP the booming economy has to go through many phases.

In Maps of India article it is argued that some important steps such as tax reforms, financial liberalisation, trade liberalisation and opening up to foreign investments helped the Indian economy gain the momentum. In 1991 The Government introduced liberalisation which has constantly proved as the stepping-stone for Indian economic reform and accelerated developments.

## 1.2 Large and Growing Population

A report by (PIC) Portland Investment Council (n.d.) states that India has exceeded the population of all of the G8 nations combined with 1.7 billion people. Portland Investment Council (PIC) also claimed that by 2030 demographers expect that India would surpass the population of China. Tun Daim Zainuddin (2004) argued that India has the **world’s** largest middle class population of 200 million and it has got 24 stock exchanges. The strong point of India is its services export of total US\$12 billion per year. Also by 2020 India is expected to create 24 million jobs.

Software services trade association of India claimed that 285 out of top 500 American companies have outsourced their work to Indian companies.

### 1.3 Young Population

*“The age structure of a population can have a large effect on economic growth, especially when it shifts as a result of baby booms and busts and their echo **effects**”* (David E. Bloom, 2011). Ansuya Harjani (2012) states that the **India’s** top software services exporter- Tata Consultancy (TCS) got employees with average age of 28 which is 10 years younger than the median age at **America’s** technology giant Oracle.

Anusha also stress that the meaning of young population means more innovative minds which as a result is able to influence technology and increase competence. The commentator also adds that the other developing countries in the race - namely China have median workforce age of 37.6 and Japan has 44.4 which are significantly higher than India with 28.

If there is young working class population it means that there will be more people working for a longer span of time to push the economy to develop more.

### 1.4 Developing

The PIC report also outlines the fact that India has significantly underdeveloped infrastructure (roads, ports, electricity etc.).

- Domestic Driven: A strong domestic demand is driven by its large investment programmes and its large and growing consumer base. 85% of aggregate Indian economic demand is driven domestically.
- Export Opportunity: India is a global leader in terms of IT (Information Technology) sector. India is growing its exports of IT and IT enabled services due to global telecommunications

infrastructure. The global competitiveness of other sectors would be improved by physical infrastructure.

- Capital Friendly: India is known as **world's** largest democracy and since 1991 a policy reform agenda is implemented and is known to be private sector friendly.
- Prudent Leverage: India has got high savings rate of 34.7% and relatively low household debt. This combines with strong economic growth helps making public deficit and debt position manageable.

### 1.5 Foreign Direct Investment (FDI)

According to OECD Factbook (2013) in international economic integration Foreign Direct Investment (FDI) plays an important role because direct stable and long-lasting links between the economies are created by FDI. Also under the right environment it is considered as an additional source of funding for investment, therefore is an important tool for development.

OECD Factbook (2013) also claimed that FDI can be defined as “*cross-border investment by a resident entity in one economy with the objective of obtaining a lasting interest in an enterprise resident in another economy.*” This lasting interest refers to a long relationship between the enterprise and the direct investor. Also it represents the degree of influence by the investor. FDI also can be referred as a strategy in which a direct investment is made by the companies into the production by expanding the operations or by buying other companies.

## CHAPTER 2. CRITICAL LITERATURE REVIEW

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*“With its buildings and galloping economy, Gurgaon is often portrayed as symbol of rising “new” India, yet is also represents the riddle at the heart of India’s rapid growth: how can a city become international economic engine without basic public services? How can a huge country first with double-digit growth despite widespread corruption, inefficiency and governmental dysfunction?”* Jim Yardley (2011)

## 2.1 Introduction

There are reams of material on Globalisation and the emergence of new global economic orders as with any phenomenon commentators espouse different views and explanations. Few however dispute that India is becoming a powerful economic force. Louise Overgaard (2010) states that, **in today’s economic environment globalisation is very important.** The world is rapidly changing and developments are happening overnight and in order to compete in this environment companies continuously need to keep up with a productive work environment.

As stated in the introduction of this work, globalisation has shown its effects everywhere but more on emerging markets (i.e. BRICs). In his article named Building Better Global Economic BRICs, Jim O Neill (2001) coined an acronym called BRIC which stands for Brazil, Russia, India and China. He claimed that each of these countries are to grow more than G7 countries which includes France, West Germany, Italy, Japan, United Kingdom, United States and Canada.

Purushothaman (2009) suggests that over the next 50 years BRICs **economies can become a very big force in the world’s economy.** These assumptions are not only based on the extrapolation from present economic growth rates but also on a framework that generates long term forecasts. This paper also proposes that if the growth of BRICs continues on the expected rates then they might become a very important source of global spending in the close future. It is shown in Chart 11:

Overtaking the G6: When BRICs' US\$GDP Would Exceed G6 (See Appendix A) **that for example India's economy would be larger than Japan's by 2032 and by 2014 China's economy would overcome US's economy and** altogether BRICS can be larger than G6 by 2039 (Chart 11: Overtaking the G6: When BRICs' US\$GDP Would Exceed G6). As with any economic prediction we must forward a strong caveat. We all still remember how so many economic financial specialists failed to foresee or predict the world financial collapse of 2008.

In Louise Overgaard's thesis (2010) it is stated that globalisation had changed the Indian economy to a larger extent from a **seller's market to a consumer's market.**

#### 2.1.1 Globalisation and effects

Damooei, J. (2007) argues that globalisation has mixed impacts on economies and analysts hold different perspectives about globalisation. For some it comes across as the most effective way to overcome the **world's challenges such as poverty, underdevelopment and inequality and others argue globalisation as “an empty promise with little evidence to show that it has made any positive impact on the majority of people in countries that have embraced the process.”** The commentator argues that even though a greater degree of convergence in the world is brought by globalisation still the impacts are unclear when it comes to economic growth of developing countries. Damooei also ascertains that globalisation widens the gap between the rich and poor countries and contributes to the impoverishment of developing countries. Critics of globalisation will attest that commercial interest takes priority of development so that developing countries are exploited.

Peter H. Lindert and Jeffrey G. Williamson (2001) argue that Globalisation has resulted in creating gaps between the nations especially in developing countries. They noted that there are more inequalities in the economic world now than ever. Lindert and Williamson also argue that



there is a possibility of globalisation being responsible for mitigating rising inequality between the participating nations –“poor countries that change their policies to exploit globalisation are the ones to gain most from it and the countries that did not gain much from it did not change their policies or **they were too isolated to do it.**”

In the context of this work the author is accepting the positive side of globalisation in that the process gives consumers more choice and a broader range of quality to choose from. It has helped the expansion of international trade improve financial flows and not to say global communication and movements of people. On a recent visit to India, the researcher spent seven days in Delhi. The outward flight had more than 50% non-Indian nationals. Many clearly are tourists also who now work and live in India.

Gurgaon is a city that barely existed two decades ago. After some research the author is informed that there are 26 shopping malls, 7 golf courses and luxury shops selling Channel and Louis Vuitton bags. Jim Yardley (2011) **argues that at** *“first glance Gurgaon is a symbol of rising new India but like elsewhere in India growth usually occurs despite the government rather than because of it”*. **For the commentator India and China are also considered as world’s rising economic powers yet if China’s growth has been led by the state, India’s growth is often impeded by the state. Yardley argues China’s authoritarian leaders have built world class infrastructure; India’s infrastructure and bureaucracy are considered woefully outdated.**

By looking at the current growth of BRIC countries PWC report (2013) has made a prediction that by 2017 China is expected to overtake US in terms of purchasing power parity (PPP) and by 2050 India will become the third global economic giant shown in Chart 12: Breakdown of components of average real growth in GDP at PPP (2011-2050). Whereas Shada Islam (2013) has argued that rather becoming the global power India has got

tendency to trap itself in the 'middle-economic' position because India's per-capita income is way below world's advanced economies and is not rising enough to reach the target. Shada also emphasised that by 2020 India will have the one of the four largest work-forces in the world but this work-force will have a large skill gap and patchy vocational training. In order to become a superpower India must address these problems.

In addition to India's chances to become a global power in future, Oliver Stuenkel (2012) states that it might not be possible for India to become a superpower if it is not capable of becoming a 'regional power'. Oliver also said that *"regarding the paradox of India's global ambition and its difficulty to establish itself as a leader in its backyard"*.

Furthermore Ramachandra Guha (2010) added that after independence in 1947 India was struggling for survival. Surprisingly in short term of time India has shown impressive growth with sectors like information technology and creation of ever larger and ever confident middle class. Moreover for commentator India has got the long term record of multicultural and stable democracy that is also accountable for claiming their position as a global superpower. He also pointed the out the instability of western model of economic development which was figured out by 'Ghandi' almost eighty years ago.

Meanwhile Samir Barua (2008) said immense diversity of its manufacturing and service sector are the biggest strengths of the Indian economy. Samir also stated *"think of any business and we as a nation are in it"*. This statement makes sure that as a whole, the calamitous developments such as rise in crude oil price or the rapid appreciation of the rupee on the economy is reasonable.

For John Mathews (2008) China, India and Brazil are one of the biggest business stories of today and Goldman and Sachs predicted that these

three countries by 2050 will be accounted for over half of global business activity. John Mathews also puts forward that these three countries- Brazil, India and China (BICs) want to build their way up by depending upon building renewable energy industries and combining their industrial development to the building of such industries. Furthermore he also claimed that all these countries have tried to make a room for them in a world dominated by the Traid (United States, European Union and Japan) - *‘these countries on the basis on their access to the sources of technology, their linkage with multinationals, are becoming significant players in the world economy’*.

Mathews (2008) adds BICs tried to follow the roadmap of developed countries by utilising the fossil fuel sources while working their way up to attain economic stabilisation in the world. The commentator asserts that BICs have this thinking that they can pollute the environment and waste energy then can clean up once they are wealthy but they missed a very **important point that today’s environment and the environmental issues** such as global warming will not allow them to do so. The gap between demand and supply is opening up for countries such as India and China (Figure 9 and Figure 10, see Appendix A).

Whereas National Bureau of Economic Research (NBER, 2013) argues that despite the openness to FDI India would not be able to avail the benefits of globalisation at its best because of the present governance system - *“In order to get globalisation benefits a lot of governance reforms needed that can help providing an enabling environment and infrastructure such as roads, transport, ports flexible labour market and an effective system that guard against corrupt officials.”*

Meanwhile, Mita Bhattacharya (2002) puts forward the complex problem of child labour as constraint **to India’s** development. The commentator asserts that to overcome poverty a large number of voluntary organisations are involved to get rid of child poverty. In India child labour

is mostly common in rural area and hazardous tasks are performed by these children.

For Drnarendra Jadhav (n.d.) that evidence across Indian states shows that there is a very weak correlation between poverty and child labour. For commentator if real reasons to be find that are responsible for child labour then one must look into the problems such as quality of schooling and spread of primary education. The commentator asserts that due the globalisation the increase in employment has definitely resulted into decline in child labour.

On the other hand Sri Dharmendra Kumar Mishra (n.d.) states that free flow of goods and capital outside the home country is allowed by globalisation outside the home country. For the commentator after Liberalisation has softened the laws relating to FDI many industrial corridors were developed which encouraged a large number of children working in most unsafe and unhygienic condition.

Drnarendra jadhav (n.d.) claims that developing countries like India are able to benefit from globalisation in term of reducing child poverty if they spend more in education and health care.

Vijay (2011) in his blog declares that violence particularly against women has increased. There are rape cases in moving vehicles and new technology of photography, mobile cameras and other sources of internet have enabled people to blackmail girls/women. Vijay (2011) added that multiplex cinemas are coming up in place of old cinema halls and Mc. **Donald's**, fast foods and Chinese dishes have replaced the old restaurants and juice corners.

**India's development is certainly remarkable. S. Barua (2008) argues that** the diversity of industrial base has helped India time and again to deal

with adverse development that has hit less diversify economies hard. *“The large and ever-growing consumer base for manufacturing consumer base will ensure that the performance of the economy will remain relatively insular to the performance of other economies in the world”.*

#### 2.1.2 Global shift

Hoge. James F. Jr. (2004) stated that power is transferring from West to East rapidly and soon it will intensely change the context for dealing with international challenges. There are many countries in West that already **are aware of Asia’s growing strength. However this awareness still has** not been translated into vigilance and danger of this is that the western countries will repeat their past mistakes.

Christopher Layne (2012) said that *“When great powers begin to experience erosion in their global standing, their leaders inevitably strike a pose of denial.”* At the beginning of 20<sup>th</sup> century such destruction was **detected in Britain’s global economy by British leaders. A gloomy** rumination was issued by the great diplomat that captured the **inevitability of decline and the denial of it. He declared that ‘Whatever happens will be for worse. Therefore it is our interest that as little should happen as possible.’** One of the elements of country’s diminishing ability to influence how much or how little actually happened.

Layne (2012) also added that similar phenomenon can be seen in America too which discomforts the national leaders. To lay the foundations of lasting American leadership for coming decades, Secretary of State Hillary **Clinton in 2010 declared a “new American Monument”. One and a half** year later, President Obama in his State of the Union Speech **acknowledged that “Anyone who tells you that America is in decline . . . doesn’t know what they’re talking about.”**

Vassilis K. Fouskas and Bulent Gokay (2011) asserted that the economic power is shifting from the traditional Anglo-Saxon core and its

international monetary medium, the US dollar. They also claimed that the relative weight of United States in global economy is falling because there are other economic groups are rising. China, India and other emerging economies are able to attract this global shift with a much more competitive position as compared to United States.

Fouskas and Gokay (2011) also state that in 2011 India and China both had the annual economic growth rate of 8% and was just enough to undermine the US dollar command. Furthermore India had taken another big step by declining the offers from two US firms to supply them fighter jets worth approximately \$12 billion and this decision of India might result in the failure of US-India defence collaboration and military sales.

Meanwhile for Razeen Sally (2010) a global economic crisis has resulted in reducing the gap between western and developing nations. Also it is evident that the boom in globalisation has helped countries outside the west to faster catch up from the crisis. The commentator states that *“America is down and diminished, though not out”*. The commentator argues that the hyper-optimists of Asia have declared the departure of **the west. They say that West (including US) “can no longer lead the world.” Asia and other regions are the players of the new era. Within Asia** China followed by India are growing to become future global leaders.

Marketing Week (2007) discussed that corporations in the East are increasingly becoming effect to those in the West. This has made the Western markets to move away from low-cost and focus on building brands. They also put forward the fact that Japan, China, India and Korea are the four main countries from east which have become threat to Western brands and each country is at a different stage of development.

Meanwhile Michael Cox (2012) claimed that a noticeable decline is being faced by the current leading Western player – the United States of America and if this decline does not stop then other countries will be able **to take advantage of America’s economic problems.**

## **CHAPTER 3. INDIA - A BACKWARD COUNTRY AND GLOBALISATION**

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*“There is a remaking of the imperial order as power shifts from western caucuses to the global East (China, India, Russia, Brail and so on). The rise of other centres and regional caucuses of capital accumulation is a structures feature of the global system that Marxist discourses, following Trotsky’s insights, theorized as ‘uneven and combined development’-*

*which, in a way assumes that development impetus for the universe derives from the West ( Fouskas and Gokay 2012)*

### **3.1 Uneven and Combined Development – India the Backward Country**

Thatcher I.D. (1991) refers uneven development to the unevenness in two states while comparing two countries. **Leon Trotsky's idea of uneven and combined development** was originally formulated in order to explain a single large event namely the Bolshevik evolution of 1917. So can **Trotsky's idea help explain the emergence of India as an emerging economic power in 2013?**

**To begin answering this question it is important to explain Trotsky's theory.** For him the entire history of mankind is governed by the law of uneven development. Trotsky argued that unevenness is the difference in two states when making comparisons between countries. First the speed of growth in the fields of economics and culture and second in the absolute levels of achievements in those particular areas (Trotsky 1928)

Trotsky also asserted that the first capitalism merged countries at different levels of advancement into a connected whole. This in turn affected a levelling process between nations, so that any gaps which existed between for example India and the UK diminished over time.

**Trotsky's stated** *"the Capitalist development in certain parts of India is much more rapid than was the capitalist development in England in its beginning. The development of the England is a stagnation, yes even in decline. Therefore, the tempo is even as never before in history"* (Thatcher, 1991).

Although this theory was written nearly a century ago it certainly reminisces in 2013, especially if you take in to account recent developments in GDP figures for both countries as discussed elsewhere in this work. **Trotsky's main argument was that as a consequence of the rate**



of development of the backward nations increased while the tempo of the **advanced declined so “the differences in the absolute levels of economics and culture decreased.”** (Thatcher 1991)

**To analyse how relevant Trotsky’s theory is in explaining India’s** rise as an economic power is difficult as remarked in the beginning of this chapter as he was writing to explain a single large event in his home country. For many commentators its remit is confined to the context of its original formulation: **“the** inter societal pressures (unevenness) which it emphasis is together with resultant societal functions of the modern with archaic (combination) are specific to the experience of late **industrialisation”** (Rosenberg 2013).

However, the author of this work feels it is noteworthy and relevant to **this work to continue to see if it is plausible to apply Trotsky’s theory to** explain the subject topic of this work. Therefore if we continue to apply **Trotsky’s principles** to India would certainly be a backward country. For the author of the theory the unevenness displays itself most sharply and complexity in the fate of backward countries. For him under stimulus of external necessity their backwardness is forced to accomplish leaps.

*“From the universal law of unevenness there is derived another- combined development in the sense that there is a rapprochement of different stages of the journey, a combination of separate stages, an amalgam of archaic with the most contemporary forms* (Thatcher, 1991)

**Trotsky’s dual approach of combined** development is an intriguing mix with uneven development. It is argued that it was with combined development (invasion of advanced capitalism into Russia) which enabled the occurrence of jumps over features – *“almost without a highway Russia was compelled to build rail roads. Without going through the European artisan and manufacturing stages Russia passed directly to mechanized production. To jump over intermediate stages is the fate of backward countries.”* (Thatcher, 1991).

The author of the theory was espousing a socialist world order to replace capitalism. For Trotsky capitalism is a definite economic order characterized by anarchic methods which pits a country against country, and guarantee that branches of industry will develop unevenly in relations to one another (Thatcher, 1991).

The uneven and combined development approach does resonate and can be applied to the world we live in 2013. It alone does not explain the power shift in the world order but does give a starting point to the discourse. Trotsky believed the destruction of the restrictions of capitalist national frontiers would enable the overcoming of the contradictions flowing from uneven development through a process of cooperation between the various economies and cultures. (Thatcher, 1991)

It cannot be disputed that India is embarking on an extraordinary advancement and development programme. Trotsky argues that *it is precisely because the lagging countries accelerate the development and try to become level with the foremost countries that the struggle between countries to outstrip one another becomes more acute*. (Thatcher, 1991 and Trotsky, 1928)

So to pose the question is there a general consensus that there is a fundamental power shift to the Global East. Fouskas and Gokay (2012) state that the reasons for this are to be found not in the current crisis of financialisation alone. It is argued that by 2050 India will have population of 1.6 billion and 220 workers billion more than China. It is difficult not to concur with Fouskas and Gokay that this rapid growth could be a source of instability but also be a great advantage of growth if the **government can provide education and opportunities for India's masses**.

To pose the following question – will India and China work incorporation and therefore continue the emerging shift in global power. Fouskaks and

Gokay are clearly correct to assert that both China and India possesses the weight and denims to transform the 21<sup>st</sup> century. *“Never has the world seen the simultaneously and sustained take-offs of two countries which together account for one-third of the world’s population”* (Fouskas and Gokay, 2012).

Trotsky asserts that the co-operation between various economies and cultures will be the key to challenge or overtake established western economies. Together India and China are combining, the former software technology with the later hard core technology to achieve the world leadership in the global technological industry. *“In 2005 India and China formed strategic partnership”*. October 2008, they agreed to hold the first ever joint military exercise (Fouskas and Gokay, 2012).

To conclude, it is very difficult to apply historical perspective to modern times. One thing is for sure that India can be defined as backward nation leaping over the advanced at turbo speed. India certainly has not embraced the socialist model espoused by Trotsky. After colonisation India took the road to capitalism by the mixed economy approach. That very road has certainly led India to unevenness of capitalist development with in the country; which would be discussed in the following chapter. Therefore what does Trotsky theory tells us about India in 21<sup>st</sup> century? Some critics will argue very little, Rosenberg argues his vision of uneven and combined developments includes limitations that reflects formation at the higher rank mark at the European State in world history. Rosenberg **argues that Trotsky’s writing** needs to undergo its own post-colonial movement.

**That said Trotsky’s prediction of global shift in power; the emergence of** backward countries would leap-frog the advanced nations via working in co-operation. The theory is not a roadmap but there is no doubt that India might have a pocket roadmap version.

### 3.1.1 Uneven Development in India

*“The achievements of India are remarkable in the backdrop of often incoherent and inconsistent policies that are a part and parcel of a vibrant democracy that faces pulls and pressures from different quarters”* (Samir Barua, 2008 economic times)

**The author's** routes are Indian and we have always lived and continue to live in villages. On my recent one was given vivid descriptions of farmer suicides across the state of Punjab, which is a reminder of the urgent need to address the issues of the agriculture sectors and rural poor.

In the previous section it was discussed that **Trotsky's** theory of uneven and combined development may be relevant to the case study of India. **Whereas a backward country can takeover or 'leapfrog' advanced nations.** Having said this uneven development has major, if not severe impacts on the prosperity of the wider population. It is argued and which is noticeable from the millions of tourists and visitors who visit India that the fruits of economic development have simply failed to reach the general public of the nation where 70% of people still reside (Barua, 2008). **The commentator quite rightly argues** *“the inclusive growth cannot remain just as a buzzword in the well-appointed discussion room of the elite and ruling elite.”*

Research conducted by IDRC (International Development Research Centre) project **'Globalisation, labour market and inequality in India'**; shows that *“the decades of steady economic growth has created abundance of jobs and decreased the number of people living in poverty”*. IDRC argues it all shows that the growth (in India) has been disproportionate and has been perpetually ever-widening wage gap between the educated, urban and formal worker, and uneducated rural and informal workers in India.

**India's map** (Figure 11 , Appendix A) of per capita GDP by Martin W. Lewis (2010) confirms the uneven patterns development. Critics may argue that every country has uneven development and would site that the UK North-South divide for example shows the same inequalities of wages and unemployment rates. One can dispute that every economy will have uneven distribution of wealth and development but in the context of this **work it is estimated that India's 23% of the population is illiterate** and 9.9% of the population is unemployed (the Times of India, 2013 and The New India Express, respectively) and this could be source of mass instability. Having half of your population uneducated and living in relative and absolute poverty cannot validate India becoming an economic superpower.

The research in the following chapter will demonstrate that inequality, education, health care and corruption are still live and outstanding concerns for my field sample.

**India's map of per capita GDP** (Figure 12, See Appendix A) also Indicates that higher figures in the South and far North, low figures in the North centre and mixed figures in the North East. This may not mean much to a lot of people but is a clear indication that there is a massive uneven development in India. Where it appears that some states and their **residents are not seeing India's emerging economic 'fruits'**.

It is also been argued by Samir Barua (2008) that a number of people living in poverty have diminished. This has largely been attributed to **country's revolution in** agriculture. Critics argue while India has witnessed increased productivity, improved income, agriculture sector, these developments are not nation-wide and might not be sustainable.

IDRC (2009) claims that outside agriculture employment opportunities dominate the service sector not by industry. It is argued wage differentials across all sectors continuously shows that disparities, with

earning among urban workers, high education four times larger than those illiterates workers.

In summary the social tangent and strive that disparities between the haves and the have-nots has a potential of de-railing economies and nation states. The recent Arab-Spring revolutions are examples of such developments. History tells us if India want to reach its potential and verify economic indicators then the unequal employment and social inequalities, education, health have to be challenged and limited. This is a starting point and in the following research chapter this will be discussed in more details.

## **CHAPTER 4. RESEARCH METHODOLOGY**

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Research refers to a search for knowledge and it can be defined as “*A scientific and systematic search for pertinent information on a specific topic*” (Kothari, C.R., 2004, Pg. 1)

### **4.1 Introduction**

Research methodology is known as a way in order to systematically solve the research problem. The purpose of this research paper is to explore whether India is on the verge of becoming an economic superpower. The author will employ a mixed methods approach – combining an element of quantitative and qualitative approach and using secondary sources to

explore the discourse. The subject to topic of the work is emergence of new economies in the global world order – is a hot topic so it would be a mistake not to incorporate recent publications and findings in this work.

## 4.2 Methodology

In this work the researcher used mixed methods approach by (Tashakkorie and Teddlie, 2003) which is a procedure for collecting, analysing and mixing both quantitative and qualitative data. The researcher concurs with Tashakkorie and Teddlie that by using a combination of methods will allow for more complete analysis. In addition the researcher would determine which variables to investigate and choose instruments which yield highly reliable and valid findings. Miller (2002) (cited in John-Nelson B. Pope, 2011) argue that qualitative research data from those immersed in everyday life of the setting in which the study framed data and analysis is based on the values that these participants **will perceive for their world**, *“ultimately it produces an understanding of the problem based on multiple contextual factors* (Miller 2000 cited in John-Nelson B. Pope, 2011).

Tashakkorie and Teddlie (1998) assert that the researcher will choose approaches as well as variables and units of analysis which are most **appropriate to find an answer for the researcher’s aims. The study we use** is one of the most popular mixed method approaches in research: explanatory mixed method design – consisting of two distinct phases.

The first phase quantitative data will be collated by using a structured survey. Groves, R.M. et. al. (2009, pg. 2) defines survey as *“a systematic method for gathering information from (a sample of) entities for the purpose of constructing quantitative descriptors of the attributes of the larger population of which the entities are **member.**”* and data will be subjected to analysis. The goal of the quantitative phase will be to **identify variables on India’s emerging economy** – to examine prosperity is

a reality for the sample. This phase will also allow purposefully selecting information for the second phase.

The second phase is a qualitative multiple case study approach which will be used to collect text data through individual semi structured interviews – to help explain certain external and internal factors, tested in the first **phase, may be significant predictors of India's** economic emergence. The rationale for the approach is that the quantitative results provide a general indication of the research topic i.e. the **researcher's Indian** samples perceive their community becoming more prosperous and what barriers the country is facing in for realising the prediction that India will indeed become an economic superpower.

The results of the two phases will be integrated from the outset enduring the discussions of the outcomes of the whole study.

#### 4.3 Pros and Cons of Mixed Methodology

- Advantages
  - As the researcher is not bound to use a single method or approach therefore a broader range of research questions can be answered (Johnson, R. B. and Onwuegbuzie, A.J.,2004).
  - In mixed approach the strengths of one method can be used to overcome the weaknesses in the other method (Johnson, R. B. and Onwuegbuzie, A.J.,2004).
  - *Raymond Opdenakker, 2006 states that telephone interviews can allow researcher to have wide geographical access and people can be interviewed from across the globe.*
  - In survey research there are very high chances of getting a large number of respondents
  - Respondents can express their views without giving much information about their identity.



- Disadvantages

- As traditional methods of surveys are modified in mixed method therefore there is less awareness of the limitations of traditional methods (Pat Bazeley, 2002)
- Mixed research methodology is more time consuming (Johnson, R. B. and Onwuegbuzie, A.J.,2004)
- In mixed research method the researcher need to attain knowledge about several methods in order to understand how and where to mix them appropriately (Johnson, R. B. and Onwuegbuzie, A.J.,2004)
- *Telephone interview reduces the social cues. As the interviewee is not visible therefore body language cannot be seen or used as an extra source of information (Raymond Opdenakker, 2006).*
- Survey research was done by the **researcher's** team in India; English is not the first language in India and therefore there was a language barrier which did not allow some people to understand the questions properly.
- When the researcher was undertaking field research it notable that some people were filling out the survey without even reading or understanding it properly. This created accuracy issues – but which was negotiated by introducing a translation of the survey.

#### 4.4 The variables of the Quantitative Analysis

The demographics characteristics such as gender and age will be moderated variables. However, phase 1 Quantitative data collection: this phase will focus on identifying **respondent's answers to the six key** sections in the survey. The technique used to collect quantitative data is self-designed surveys, which include several types of layouts such as open-ended questions, self-preference questions which vary from 1 to 5

preferences or ranking **and 1 to 8 upon the respondent's own views and** multiple choice questions.

The survey consists of six questions; the first part of the survey helps determining key themes (University Education, Well-Paid job, career progression and opportunities, travelling, material objects, cars, cloths etc.). To reply to this question respondents are asked to put the options in their self-preference order - 1 is most important and 5 is least important.

The second part will be determine the most improved areas in the Indian society (such as schools, health care, transport infrastructure, further education and social equality) and again the respondent will answer the question in their self-preferred order - 1 is most important and 5 is least important.

The third part of the survey will determine the living standard of the respondent (wealthy, affluent, comfortable, moderate or living below the poverty line).

The fourth part of the survey is a multiple choice question requesting the respondent to choose 3 (out of education and training, Income quality and availability of employment, information based economy, economic and political stability, political and religious freedom and environmental quality, climate and safety).

In the fifth part of the survey respondent is asked to express their views on the meaning of economic development to them and this is done by asking to indicate the following variables (erase extreme poverty and hunger, achieve universal primary education, achieve good health, reduce child mortality, ensure environmental sustainability, creating more jobs, achieve corruption free environment and develop a global partnership for development).

**The sixth part of survey is about the respondent's thinking about which country is going to be a global superpower in the future.**

4.4.1 Criteria for selecting the participant will include the sample of 100

- I. Respondents from the state of Punjab - including working professionals, business managers, health professionals to farmers and taxi drivers.
- II. The second sample of respondents will be UK based but encompassing respondents who visit India or have links in India.

The method used in this phase will be to get known contacts in India and to visit institutions, businesses, schools, hospitals, banks in the Punjab to **complete the author's survey. The researcher will contact via new media** i.e. Facebook, Skype to request the completion of the survey.

Phase 2 will be having much more direct involvement. The researcher will visit local religious establishments i.e. Woolwich and Erith Gurudwara, Gravesham Gurudwara which is the largest Sikh temple in Europe. Also the researcher and her team will visit local Indian festivals to gather data over the spring/summer term.

Kline (1998) stresses the importance that before statistical analysis of **quantitative survey results**, *"the screening of the data* will be conducted on the Univariate and multivariate levels (Kline, 1998).

The author recognises data screening will include the description statistics for the variables, information about the missing data, issues of translation difficulties or misinterpretation of the questions. Data screening at the primary stage is important if the surveys are completed incorrectly or do not follow the requested response - the statistical **results will not be a precise reflection of the researcher's work. The**

results from the analysis will be reported in the form of discussion using various means of charts and data analysis.

For the purpose of the second qualitative phase of the study, the sample will mean intestinally selecting individuals to learn, to understand the central phenomenon, (miles and **hubersmann,1994)** i.e. **respondents'** public sector workers in India will be used as will be frequent travellers from the UK to India who have strong links to the Indian business. It must be stated here, that due to the nature of this sequential design of the approach; the selection of the second qualitative phase will depend on the results from the first quantitative phase. Depending on the results, **maximum variation sampling, in which a researchers samples' returns on** some characteristics will be used.

#### **4.5 Reliability and validity**

Thorndike (1997) in quantitative research, reliability, validity of the instruments is really important for decreasing errors that might arise from measurement problems in a study. He also stated the validity refers to the degree to which a study accurately reflects or assess the specific concepts that the researcher attempted to measure.

As Kim and Mueller (1978) assert in an ideal situation data should produce a sample structure which is characterised by the flowing,

- (i) Each character should have several variables with strong loadings
- (ii) Each variable should have strong loading for only one factor, and
- (iii) Each variable should have a large communally degree of shared variance.

#### **4.6 Phase 2 qualitative data collection**

The second phase in the study will focus on explaining the results of the statistical test obtained in the first quantitative phase. Russuel (2002) asserts a case study is a type of ethnographic design and is an

explanation of bounded system or a case over time, through detailed in-depth data collection involving multiple sources of information and **reaching the contacts**. “*The instrumental purpose of illuminating a particular issue* (Creswell, 2002).

For the author of this work the primary technique will be conducting a semi structured telephone interview with four respondents from India and the UK who are highly linked to businesses in India. Creswell, 2002 suggested that the steps in the qualitative analysis will include

- (i) Preliminary exploration of the statements by reading through the transcripts.
- (ii) Connecting and interrelating themes
- (iii) Constructing a narrative

Merriam (1998) argues that such analysis is rich in contacts or setting in which the case presents itself.

## CHAPTER 5. DATA ANALYSIS

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*“There is so much corruption and the economy is sliding in the crisis. They should work on their political stability to help Indian economy being stable. Reform process is not filtering through poor people so whatever the government does it should expand through and make policies which are pro poor and pro common man.” Praful Patel*

### 5.1 Data Analysis of Primary Sources

#### 5.1.1 Quantitative phase1 Indian Survey

To begin with the researcher will begin with data analysis of phase one. Given the aim of the work is to explore the variables that Indian nationals indicate are important to their own and the **nation's prosperity and affluence** (For full details refer figures from Figure 13 to Figure 18 see Appendix B).

The first question on the survey asked respondents to indicate the most important areas in Indian Society from a set of five chosen variables. The

sample were asked to list there preferences from scale 1 – 5 with the former being the most important and the latter least important.

Out of the 100 surveys screened for accuracy and quantified, 50 respondents indicated that university education is most important to them. Meanwhile 27 respondents indicated that a well-paid job is most essential to them and 20 respondents stated that career progression and opportunities are fundamental (See below, Chart 1: Most important areas to Indian society to Indian society).

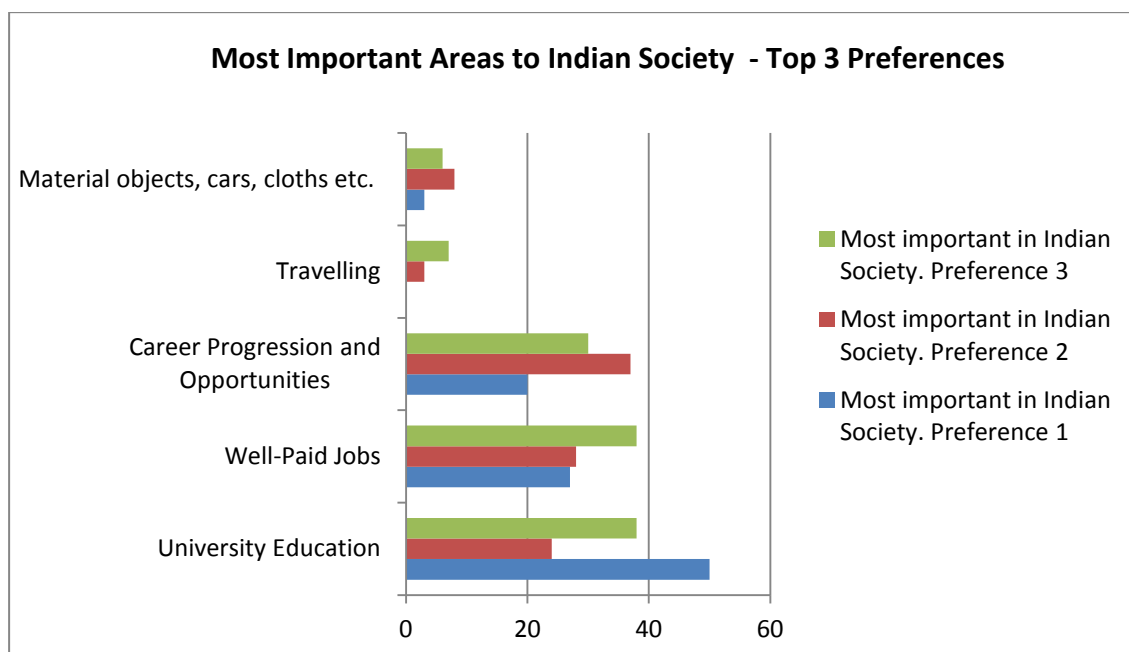


Chart 1: Most important areas to Indian society

As the Figure 1 below illustrate that the below three variables were the highest ranking with the lowest values.

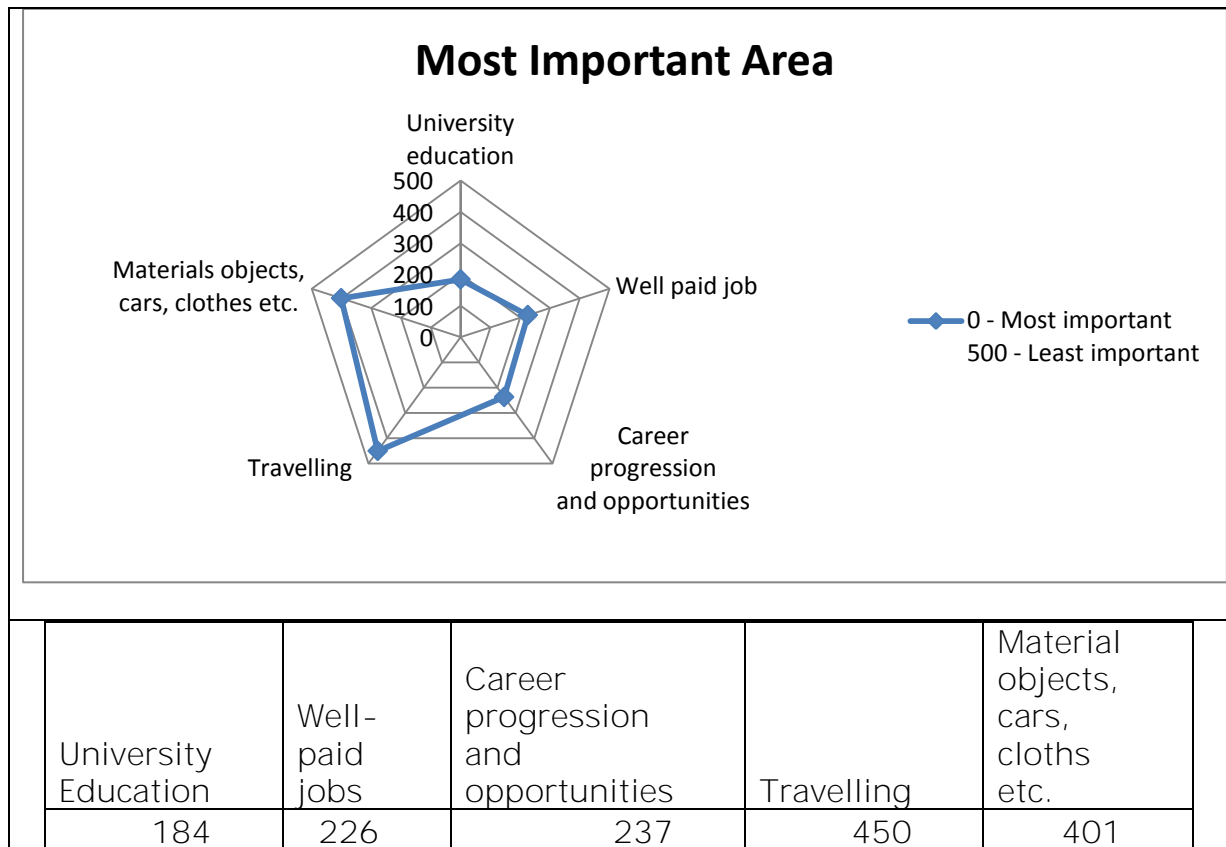


Figure 1: Most important areas

So what does this tell the researcher? Like that in any society; people think that social and economic mobility are the key to a successful emerging economy. The data quantifies this in that for the sample, university education, well-paid job and career progression and opportunities are most important in Indian society.

The second of the researcher's key survey questions explored the area in Indian society that has made most improvements- again with five chosen variables. The sample were asked to list their preferences from scale 1 - 5 with the former being the most improvement and the latter least improvement.

34 out of 100 respondents said schools is the area where they have seen the most improvement followed by health care (27) and further education (15) (See Chart 2: Most improved areas in Indian society).



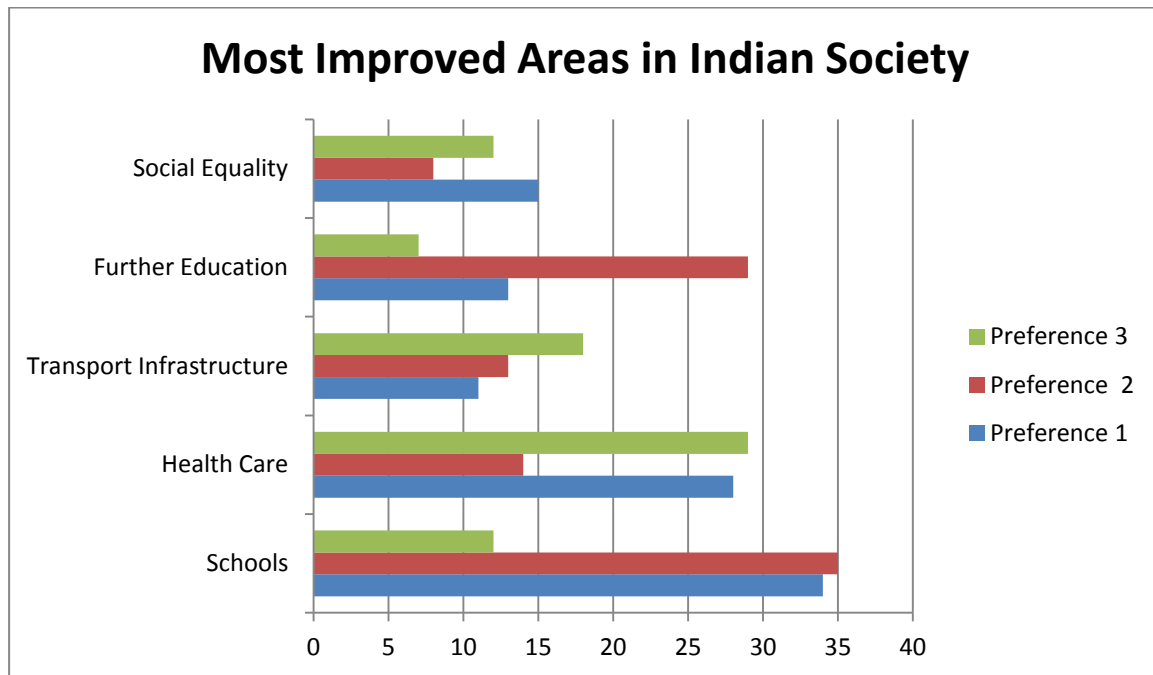


Chart 2: Most improved areas in Indian society

It is shown in the following Figure 2 the variables which were ranked highest (with lowest value) and were ranked lowest (with highest value).

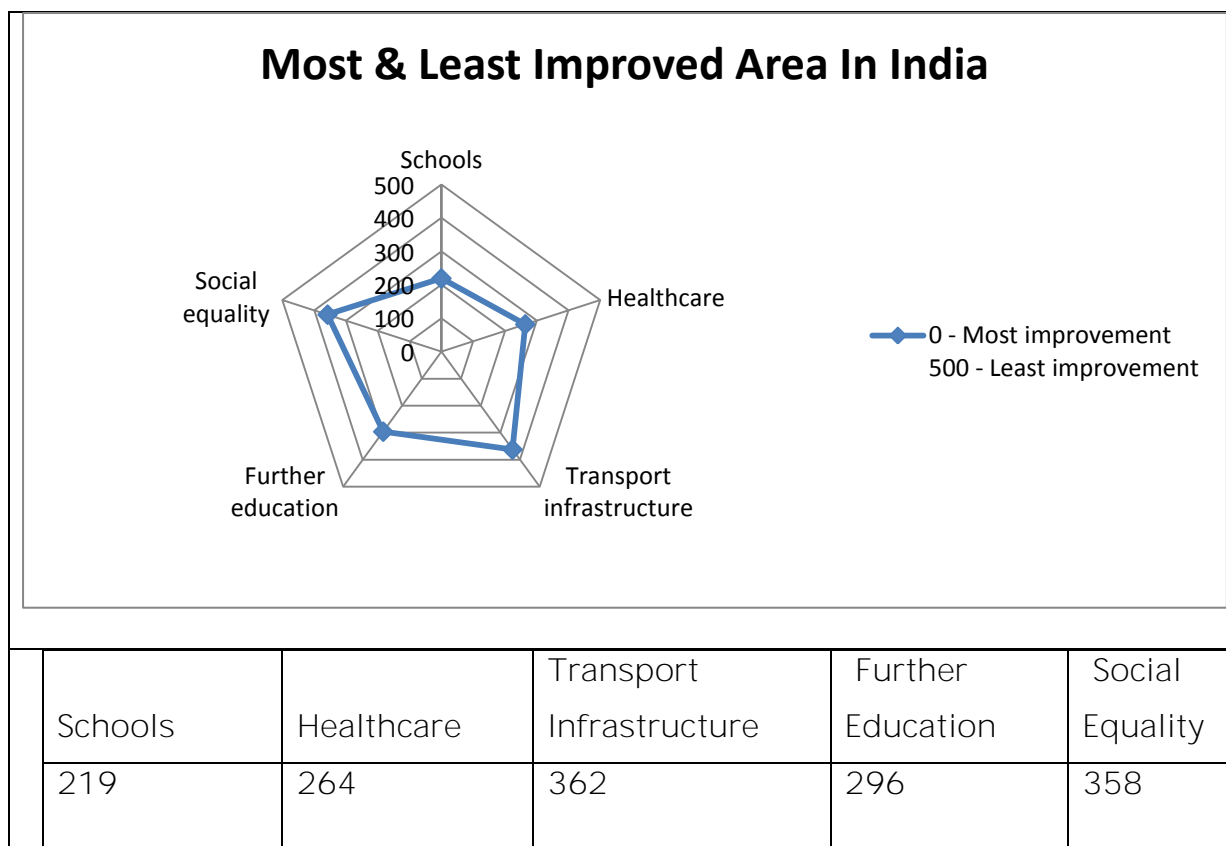


Figure 2: Most and Least Improved are In Indian society

Notably the respondents indicated that transport infrastructure has seen the least improvement.

The third survey question concentrates on currently living standards on the respondents. The question does not rely on specific measurement but hence is very value-laden.

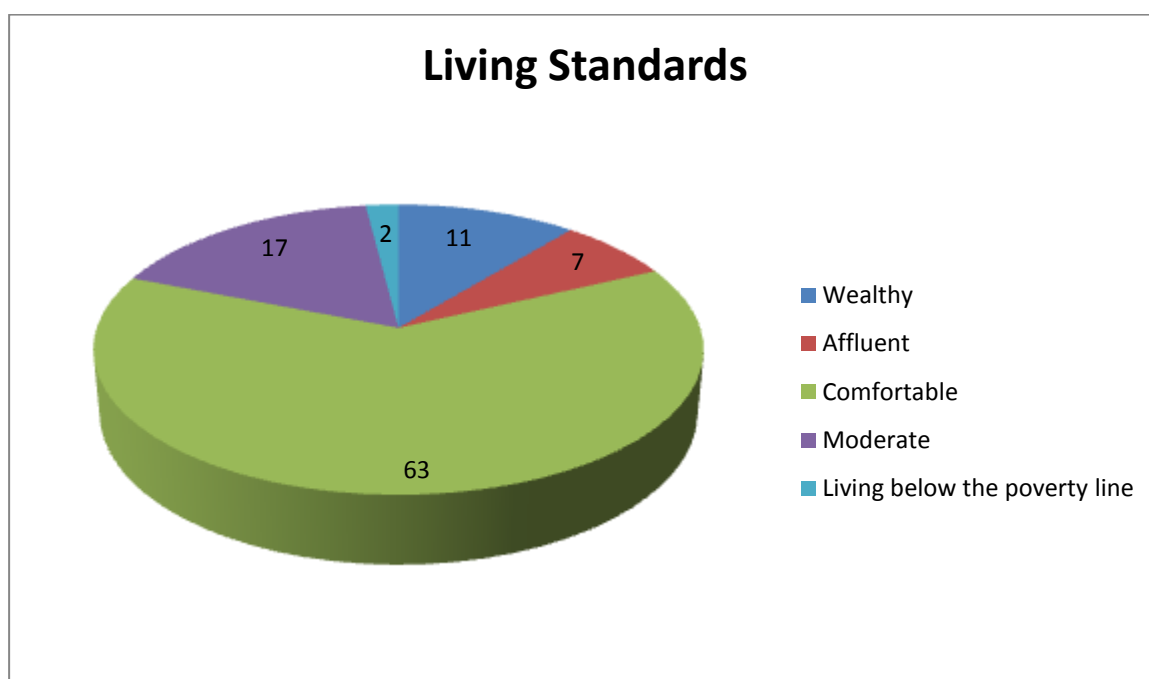


Chart 3: Living standard of the respondents

From the sample 63 respondents stated their living standards were comfortable. 11 respondents stated that they were wealthy and another 8 stated they were affluent with 17 stressing their living standard was moderate (See Chart 3: Living standard of the respondents).

For the main part this survey question is no way scientific and the researcher is not promoting the data as such. However, what the chart shows is that the targeting sampling was effective as 98 per cent of the sample state that their standard of living is moderate to wealthy. With a 2 per cent caveat who describe themselves as living below the poverty line.

In question 4 the researcher analysed the areas Indian Authorities should **concentrate on to push India's economy and prosperity**. With this question the aim was to see what Indian nationals perceived to be the challenges and limitation in present and the future.

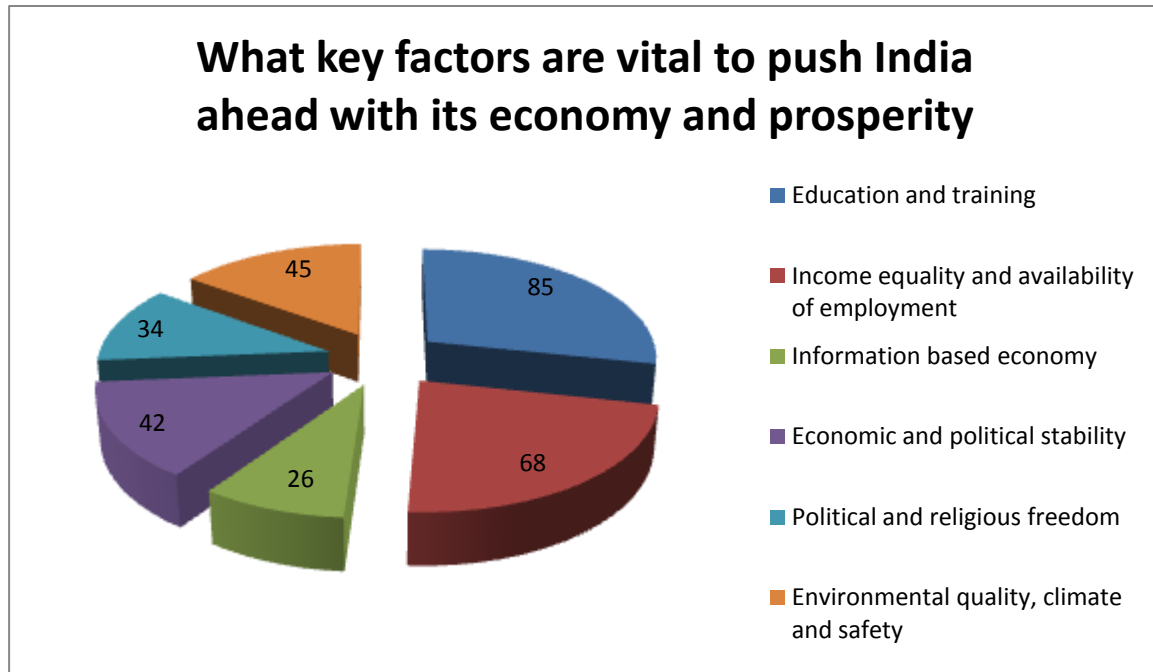


Chart 4: Key factors to push Indian economy and prosperity ahead

The 100 sample were asked to tick the 3 most applicable boxes. 85 respondents ticked the Education and Training variable and another 68 feel that the Indian Authorities need to concentrate on income equality and the availability employment.

For 42 respondents economic and political stability are key factors to **assist the nation's economy and prosperity**. A surprise response is that 45 respondents feel that environmental quality and climate and safety are key challenges that the Indian Government should concentrate on. Finally 34 respondents stated that political and religious freedoms are key challenges and 26 feel that the powers that be should continue to concentrate on information based economy (See above, Chart 4: Key factors to push Indian economy and prosperity ahead).

The data is certainly interesting and the variables match analysis from the first question of this quantitative study – in that significant number of the

sample see education and training – with a well-paid job and employment **as the key factor that can drive India’s economy.**

In question five the researcher examined what economic development means to the targeted sample. The question is extremely applicable as in many ways economic development means different things to different people.

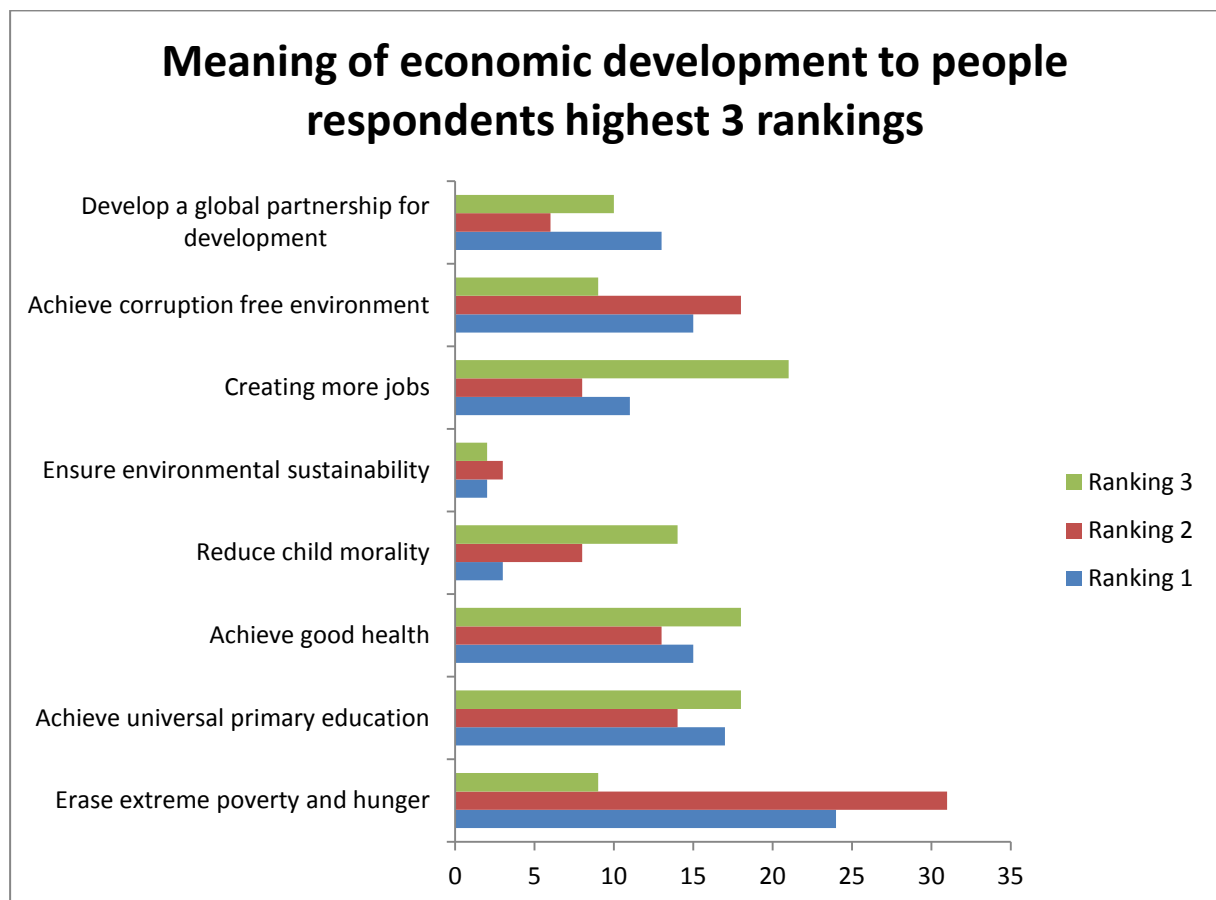


Chart 5: Meaning of economic development to people

As shown in Chart 5: Meaning of economic development to people, when people were asked about the meaning of economic development to them and asked to rank 8 variables from 1 to 8 with 1 indicating the highest ranking and 8 the lowest. Out of the 100 sample 24 ranked erasing poverty and hunger as their top variable then followed by achieving universal primary education 17 and achieving good health with 15 respondents. Another interesting fact which came up with this research

is only 3 out of the sample of 100 ranked reducing child mortality as their highest preference.

Ensuring environmental sustainability came last with only 2 respondents ranking the variable as the highest preference.

As Figure 3 below indicates erasing extreme poverty and hunger, improving education and health are the highest ranking variables.

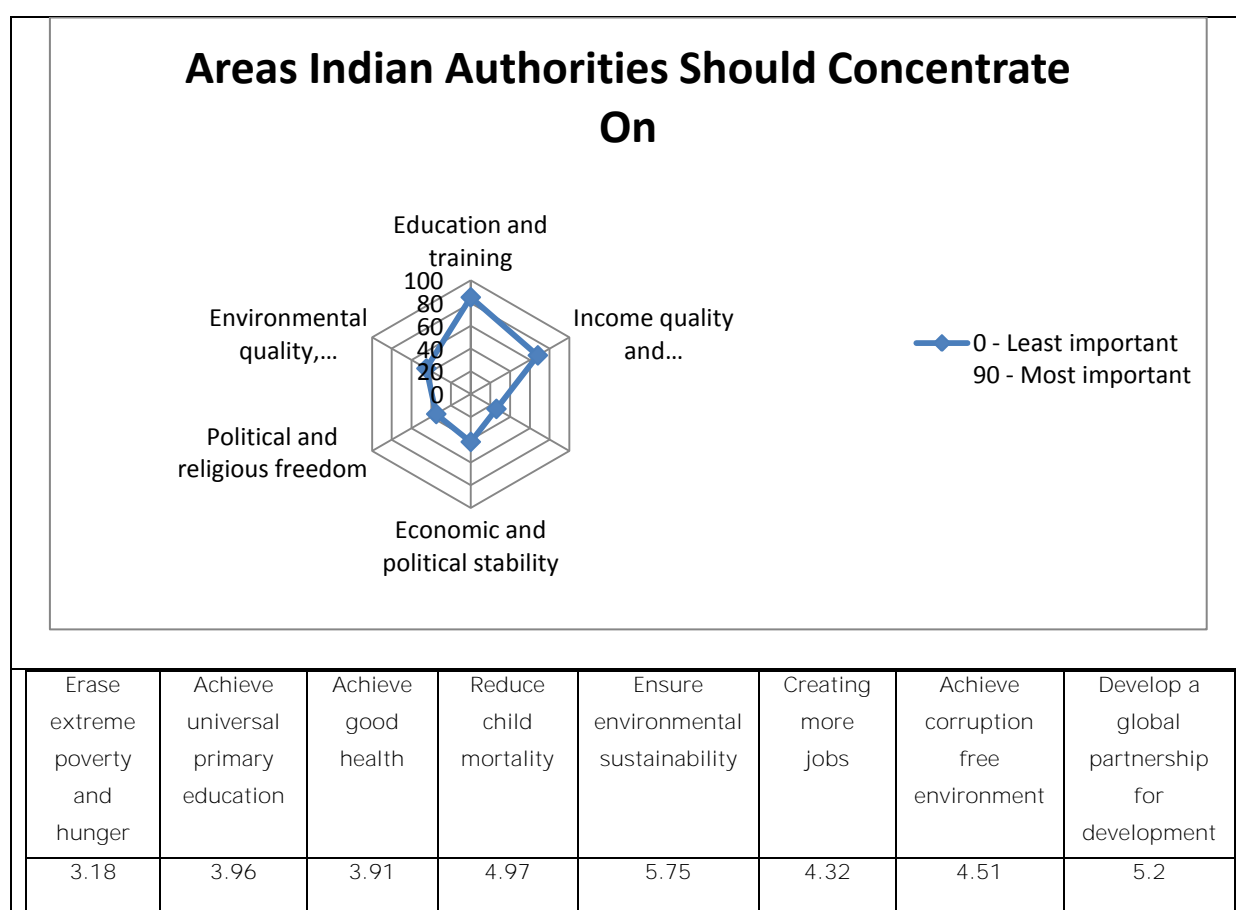


Figure 3: Ranking of the areas on which Indian Authorities should concentrate

The final survey question is about ‘which BRIC country will be the next superpower in the future.’ It is very important to note that most of the samples mentioned China and India as their next superpower (See Figure 4).

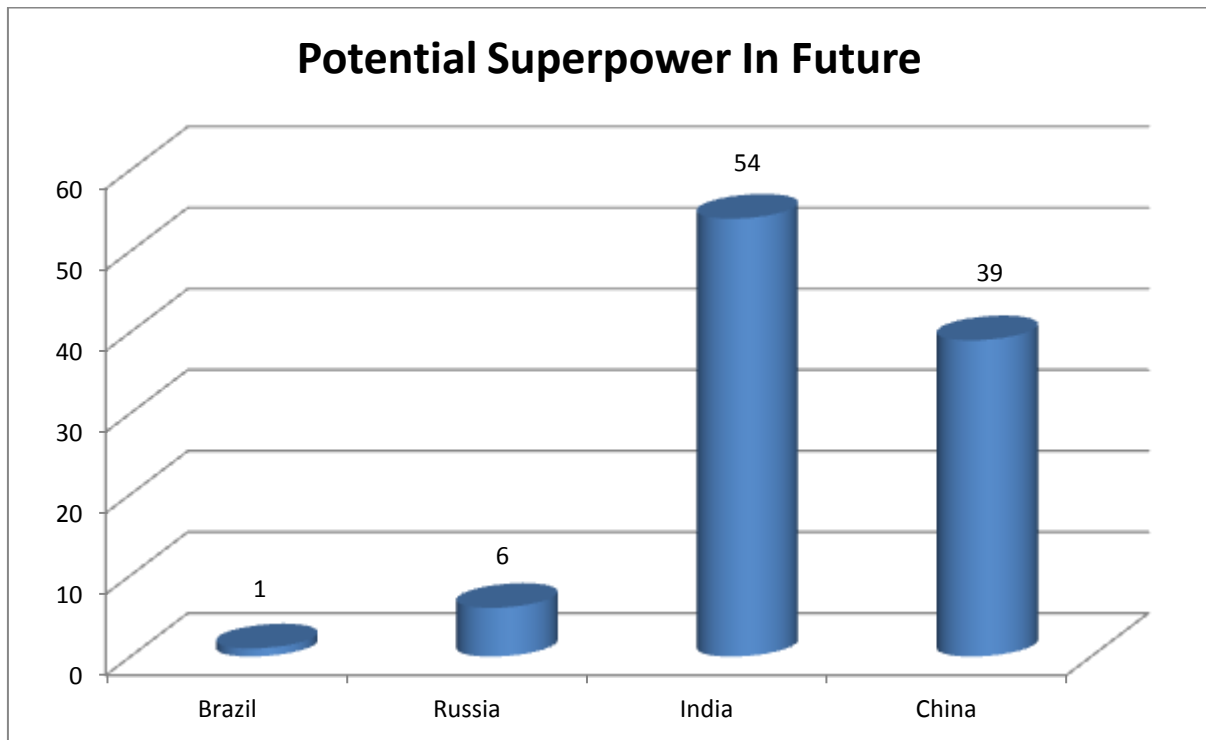


Figure 4: Potential superpower in future

More than half of the sample (54) believed India will be the next superpower followed by China with 39 samples emphasizing on it. Very few people chose Russia (6) and out of 100 samples only 1 believed Brazil could be a super power. Although these findings are interesting it is no surprise that India topped the data poll as there will be certainly bias and lack of partiality. There will be sense of nationalism and national pride hence somewhat skewing the findings. The author is sure that if this poll was conducted in Russia and Brazil – the findings would be very different indeed.

#### 5.1.2 Quantitative phase 2 UK Survey

This phase of quantitative analysis includes the surveys which were completed by UK residents with Indian business or community links. Like the **'quantitative phase 1 Indian surveys'** this phase has the same aim of **exploring the variables that are important to India's** prosperity and affluence (for full results refer figures from Figure 19 to Figure 23).

The first part in this survey again talks about the most important thing in Indian society with five chosen variables.

From a sample of 100, 37 chose well-paid jobs as the most important area for Indian society followed by university education with 26 respondents indicating the variables on it. Career progressing is as important as the other two with 24 (See below, Chart 6: Most Important areas to Indian Society).

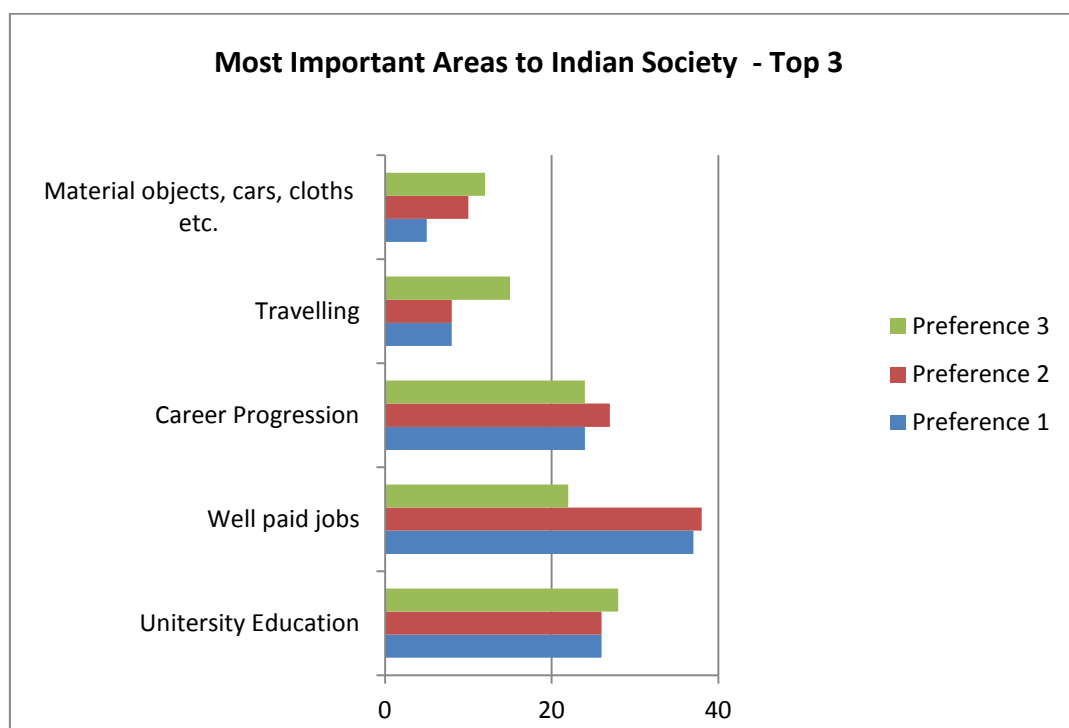


Chart 6: Most Important areas to Indian Society

It is shown in the following Figure 5 that the variables which were ranked highest (with lowest value) and were ranked lowest (with highest value).

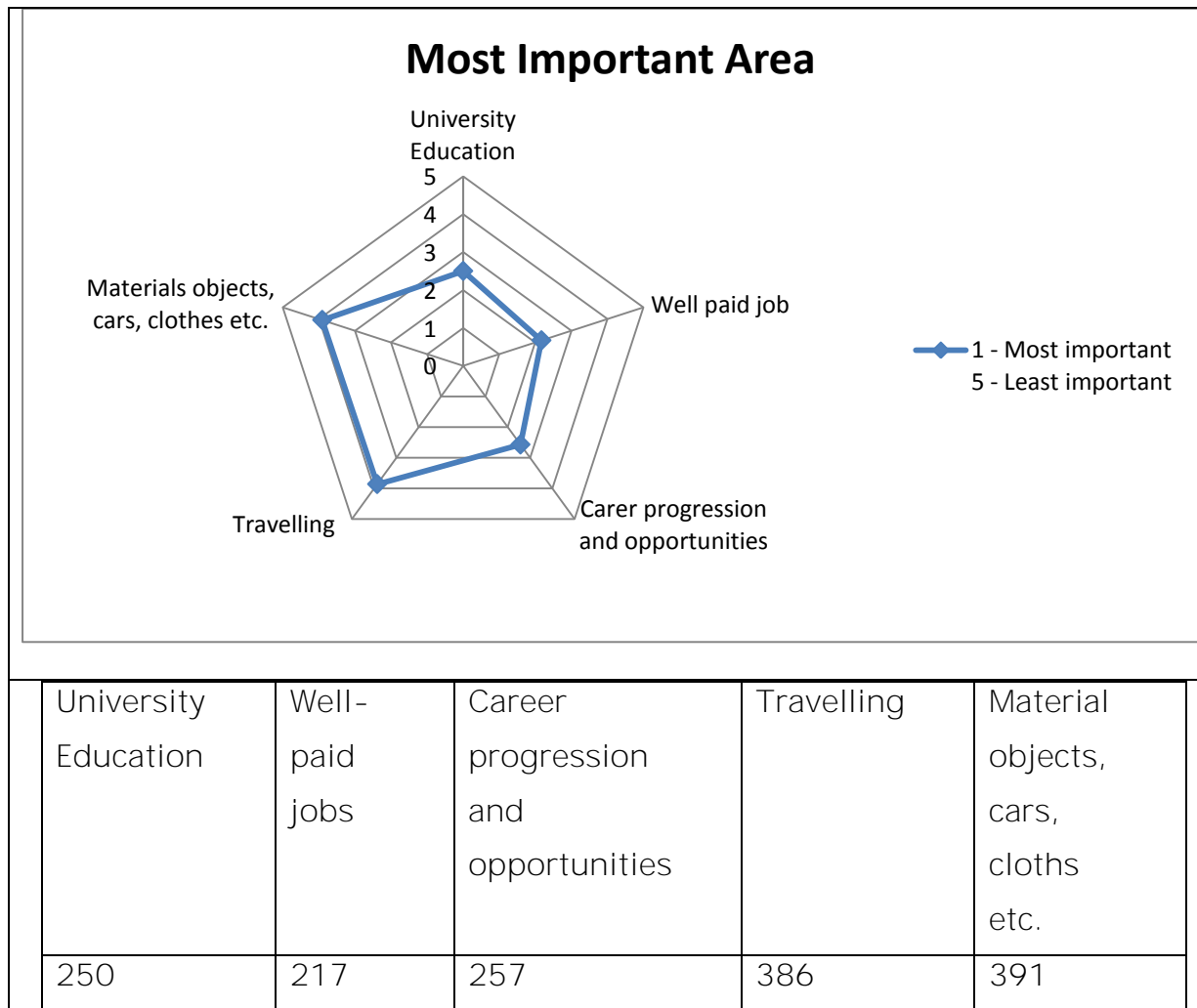


Figure 5: Ranking of Most Important Area

The results show that most of people chose career progression in this case.

**The second of the researcher's key survey questions explored the area in Indian society that has made most improvements-** again with five chosen variables. The sample were asked as in the Indian survey to list their preferences from scale 1 – 5 with the former being the most improved and the latter least improved.

As shown in the Chart 7: Most improved areas in Indian Society below, 31 respondents indicated that they have seen the most improvement in schools. Transport infrastructure was chosen as second most improved area with 28 responses then followed by health care with 19 preferences.



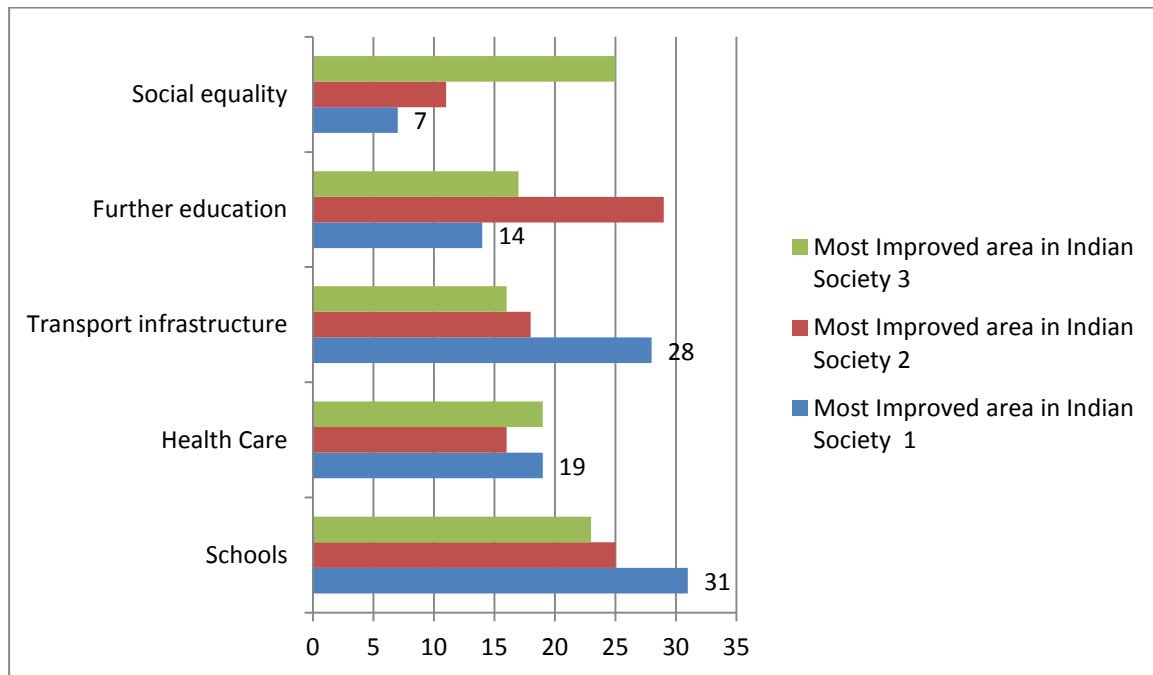


Chart 7: Most improved areas in Indian Society

It is very interesting to note that the UK sample ascertains that transport is the second most improved area whereas respondents in India indicated that this area was less improved (see Figure 6). The lowest value shows the highest rank.

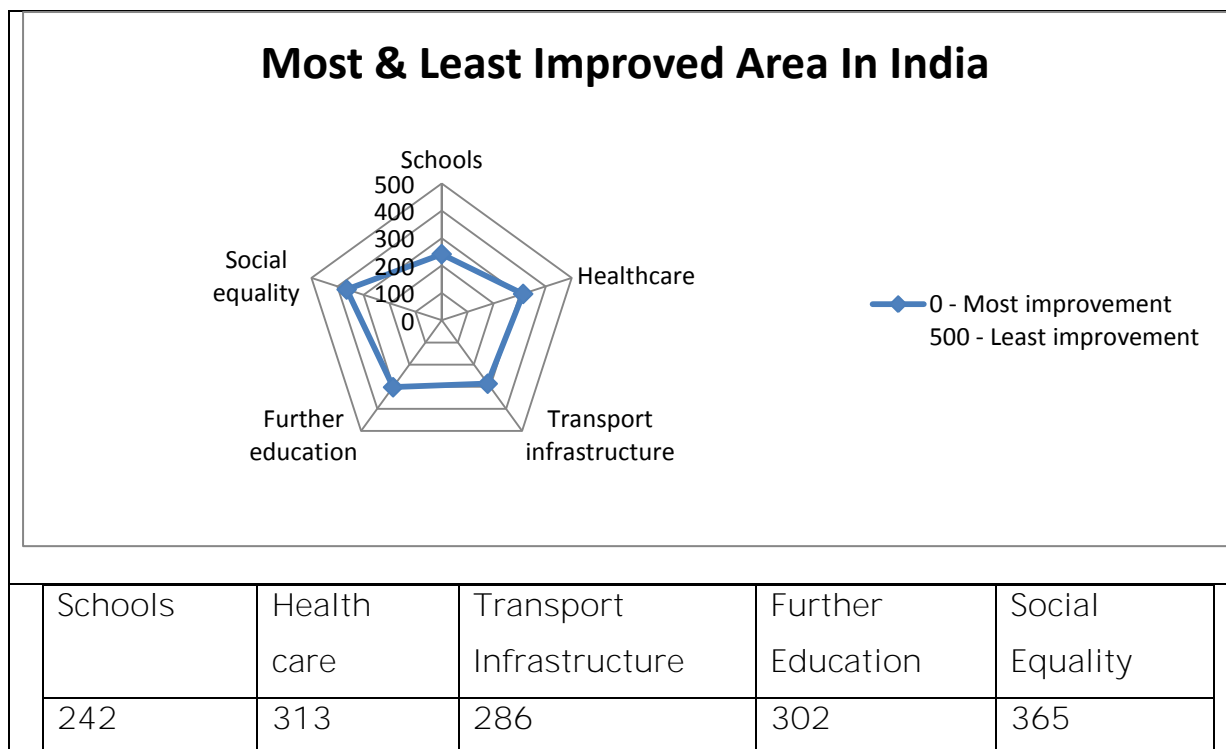


Figure 6: Ranking of most improved areas

The next section analyses areas where Indian authorities have to **concentrate on in order to push India's economy forward and meet the** challenges of an emerging economy. In the sample were asked to choose three from six options and with no surprise 71 respondents chose education, interestingly the result matches with the part one of the survey with education at the top. Income quality and availability came second with 65 respondents agreeing to it and environmental quality, climate and safety stood third with 47 preferences (See below, Chart 8: Key factors that are important to push India's Economy and Prosperity).

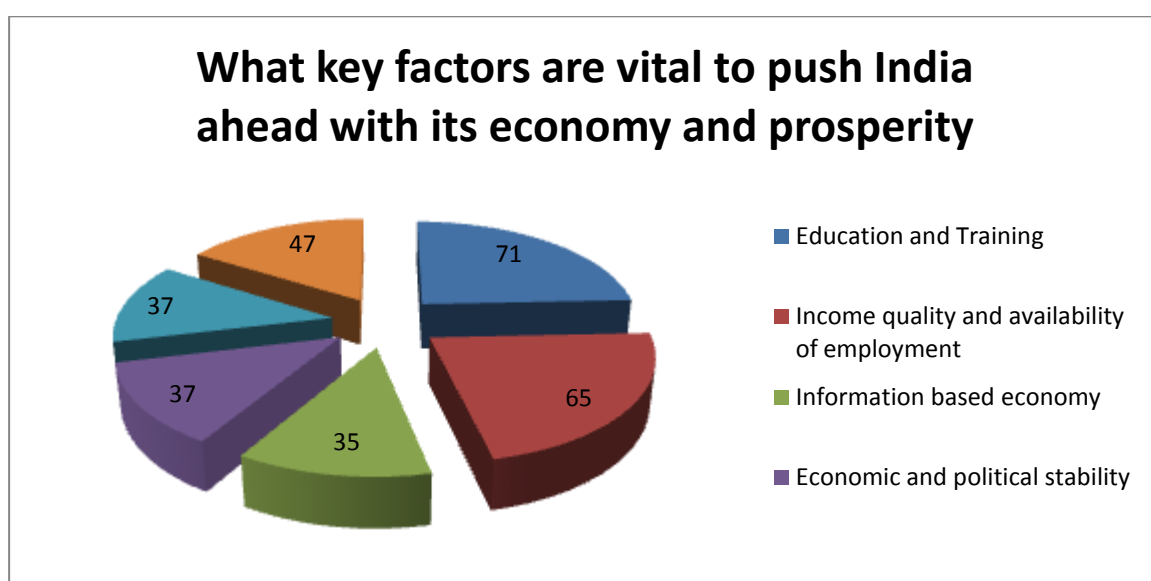


Chart 8: **Key factors that are important to push India's Economy and Prosperity**

In the next part of the survey respondents were asked the meaning of economic development. For the sample erasing poverty and hunger ranked high as 34 respondents chose this variable. 19 of the sample went for achieving universal primary education and 14 people think a nation can be developed if it has a corruption free environment (See below, Chart 9: Meaning to economic development to respondents)

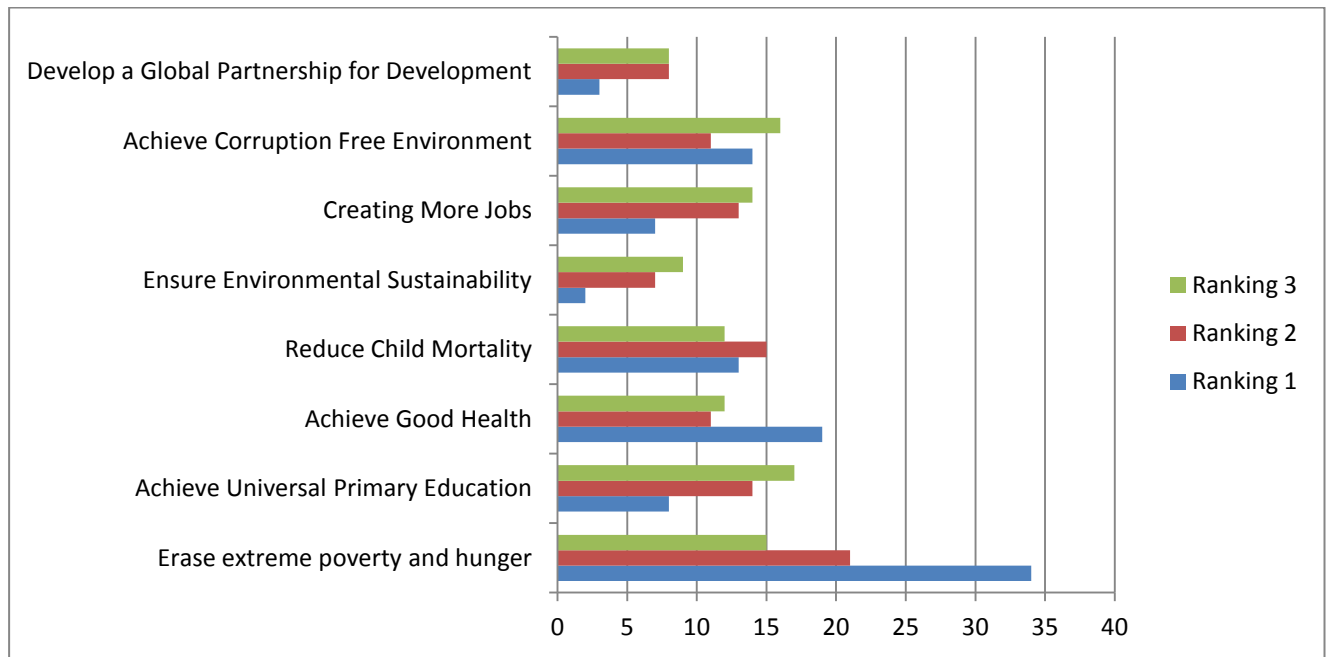


Chart 9: Meaning to economic development to respondents

The Figure 7 below shows the preferences of the meaning of economic development. The lowest value means the highest preferred area.

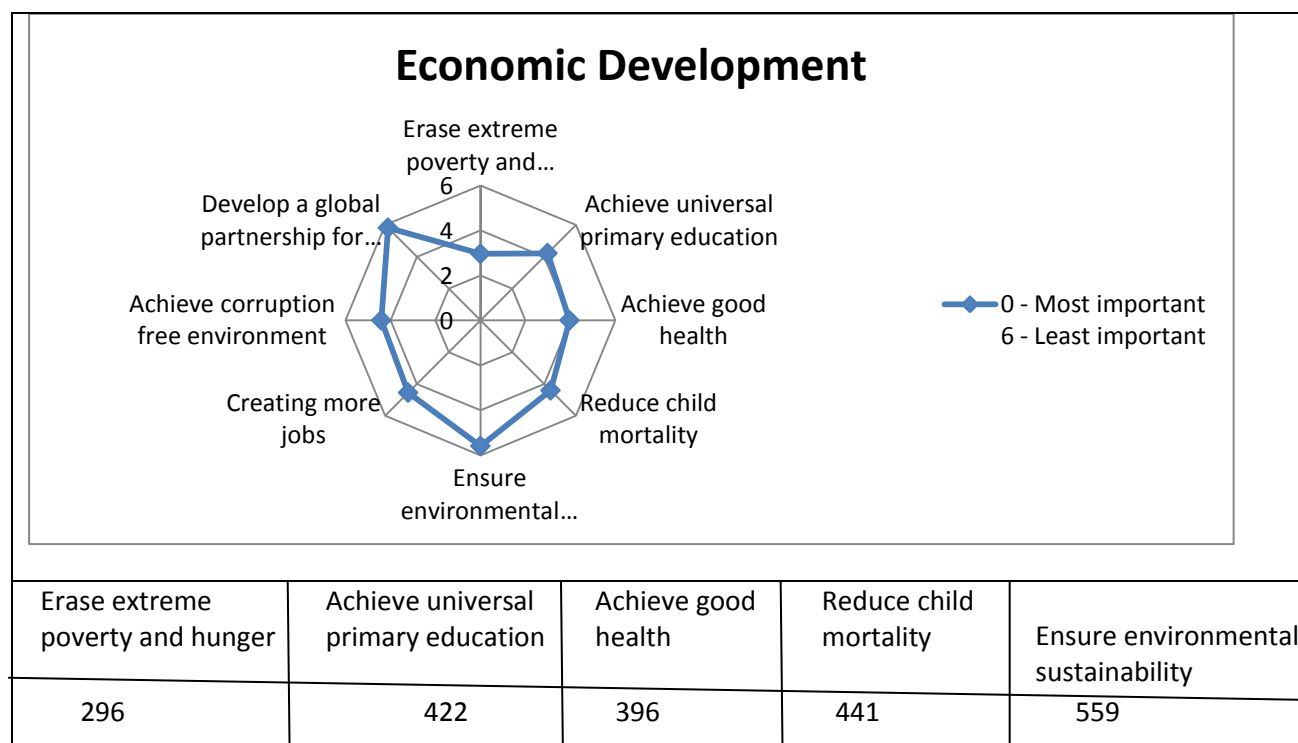


Figure 7: Preferences of the variables that means economic development to respondents

As with the Indian version of the survey the sample highlight their concerns about erasing extreme poverty and hunger. Achieving good health and achieving universal primary education.

In the next section of the survey respondents were again asked about the future global super power. China had more respondents (61) as compared to India (37) (see Chart 10: Potential Superpower in future). Surprisingly despite of the booming economy of Brazil and Russia only four respondents chose these countries. As with the Indian version of the survey the researcher must highlight that there will be certainly a sense of bias towards ranking India as the next superpower. Also in the UK version of the survey 29 of the respondents are India nationals and out of the 100 sample 72 visit India frequently or very frequently – hence enhancing the possibility of bias.

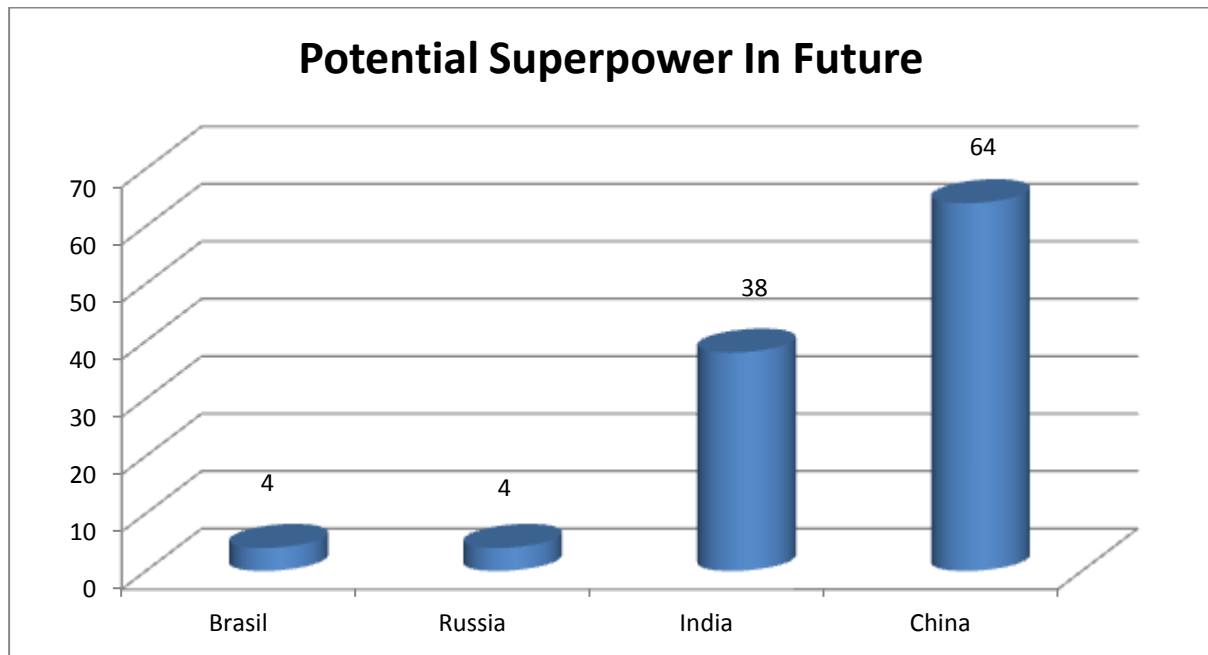


Chart 10: Potential Superpower in future

#### 5.1.3 Qualitative Phase – Semi Structured Interviews

**In this second phase of the author's mixed methods approach one used** semi structured telephone interviews. As with the quantitative approach this was done in two phases. The researcher interviewed four selected respondents from both India and the UK. This selection was not scientific and the samples were chosen based on their links with India and identified as respondents who could develop the conclusions from the Quantitative phase of this work. After preliminary exploration of the statements by reading through the transcripts, the researcher has connected and interrelating themes to construct a narrative.

##### 5.1.3.1 India - the interviews

The first question looked to explore with the respondent what as a citizen, being a part of Indian community was most important thing to them.

Gurmit Singh Palahi who is a director at Community College and Secretary PAGRUD: **"National Integrity, patriotism is most important thing for me."**

Amita Kullar is a pharmacist and she in response to the same question that **the “most important thing for me is the culture I live and the freedom to speak. If I have got the freedom to speak I can convey my message and my point of view to the high authorities and it might help them dealing with problems such as corruption or poverty.”**

The third of the sample group, Gurpreet Kaur who is a teacher added: Independence is Important. Independence is a form of power. Except, instead of power over other people, it means power over yourself. **Without independence, you’re enslaved to whatever provides for you. With independence, you’re free.”**

The final responded from the researcher’s Indian sample Resham Singh who is a lecturer at college in Punjab stated:

1. **“The most important thing is infrastructure** because good infrastructure in very important when it comes to import and export.
2. There are many natural resources in India and they need proper utilised.
3. **India needs to be less dependent on other countries so that country’s money remains in the country.**
4. There is a need to make more research centres so that they can **innovate more technology.”**

The second of the interview question asked what are the areas that the respondents think their community has made most improvements in. **Resham Singh said the “most improvement I have seen is in education system; New shopping malls have been built up and new laws have been introduced to diminish corruption.”**

Gurpreet Kaur also **argued that “India has made most improvement in Education system. It falls under the control of both the union government and the state government. India has made progress in terms of increasing the primary education attendance rate. India’s improved education system is one of the main contributors to the economic rise of India. It is**

worth s per Annual Status of Education Report 2012, 96.5% of all rural children between the ages of 6-**14 were enrolled in school.**"

Gurmit Palahi added that he has seen the greatest improvement In Agriculture, Small Scale Industries, Service Sectors.

Amita Khullar asserted that India has made improvements in many areas but the most significant improvements are in IT sector, Education system, Banking, and Transport system. I can feel how these improvements have **changed our lives for its good as compared to the past."**

**The third question posed asked that in order to push India's prosperity and emerging economy, what are the steps authorities should take?**

Resham Singh argues that the authorities should introduce laws that should benefit everyone equally. For the respondent they need to make special plans for the people who are living below poverty line so that they are able to support themselves and their families financially.

Gurmit Palahi stated that they should make and implement law strictly to take back black money put by several leaders, industrialists & big bosses in SWISS Banks. In addition;

- To take steps for increase export & Import and to encourage the people of other countries for tourism.
- To liberalize policies regarding opening new industries by NRI's.
- To generate new employment opportunities for the young generation, which is almost 50% (below 25 years of age) of the total work force of Indian total work force.

Amita Khullar added the growing population is supposed to do well for India in future but looking at the current state of living standard of people here I think government would struggle to provide for such a big population and people might find it very hard to stay employed. *"So I think authorities should try and control the population".*

**Secondly Khullar argues that** *“Education system has improved a lot still a huge amount of Indian population is illiterate; government should take steps to provide everyone with basic education and also should take steps to encourage parent to send their children to school.”*

Gurpreet Kaur also highlights education as a key aim and asserts that **“Indian authorities can do more work on education system in rural areas and urban areas, agriculture, industrialisation, unemployment, technology for the Indian prosperity and economy. A huge amount of population lives in rural areas therefore a special attention of authorities is needed for the development of these areas.”**

The fourth question posed to the selected sample asked what the respondents would define as economic development

**Resham Singh said “When living of people is balanced and when medical facilities, nutritious food, transportation, cloths, accommodation are in one’s budget then I will say economic development is happening.”**

Gurmit Palahi asserted that in simple words economic development is development of human being, area & Country where Gurmit **lives “it is** said to be a developed economy where a person gets food, clothes, House (basic needs), good health, **education & employment.”**

Gurpreet Kaur defines economic development in terms of the scope of policies by which a nation can improve the well-being of its nationals. For respondents these policies may include political stability, employment, education and medical facilities.

Amita Khullar argued that a country is developing economically if the people residing in the country are able to fulfil the basic necessities such as food, clothes and a place to live.

The final phase of the interview asked which BRIC Country (Brazil, Russia, India and China) do the sample feel will become global superpower in future.



Resham Singh argued that it is China because their trade is very strong and the labour class has strong technical know-how. Also the corruption is almost controlled – they have got no to corruption economy. Most important thing is people are well educated in China.

Gurpreet Kaur asserted that Russia would be a superpower in future because it is the largest country in the world with strong army and many mineral and energy resources are acquired by this country and working very hard to be in global competition.

**Amita Khullar added “that despite of the many problems face by India I still think the next superpower will be India because it has many natural resources and a strong atomic power.”**

Finally Gurmit Palahi states China because it is gaining more strength in every sphere including Industry service sector and Agriculture. For the respondent it has gained success in decreasing population. China is developing and using modern technology in every sphere of life and also competing in import and export with developed countries in different areas including manufacturing of even a single pin to war weapons and heavy machinery.

#### **5.1.3.1.1 India the Interviews themes and discussion**

As the reader of this work will note there is a general theme throughout the responses that are consistent with the findings of the quantitative findings. However the respondents shed a more comprehensive description to the questions posed. It is interesting to note that the respondents for the most part feel that they are seeing the greatest improvement in Education.

It is worth highlighting by Gurpreet Kaur that as per Annual Status of Education Report 2012, 96.5% of all rural children between the ages of 6-14 were enrolled in school. Now this certainly is a shock as the general

perception is that there are millions of children those are outside the education system in India. That said both the quantitative and qualitative responses are clear that education is most improving in India.

On the other hand, corruption and tackling poverty are still perceived as **big challenges and the researcher's** findings certainly match this description.

To analysis the key question about which BRIC country is most likely to become an economic superpower in the future – the responses are very **surprising and in some ways contradict the author's theme that they are** full of bias as Indians are nation proud and would naturally select their home land.

Indeed only one of the respondents selected India. It is noteworthy that Amita Khullar feels that India could be the next superpower because it has many natural resources and is a strong atomic power. However, as in accordance with the central theme of this work Resham Singh adds useful analysis to the narrative by stating the China will become the next superpower as their trade is very strong and the labour class has strong technical know-how.

It is interesting to note that the respondent feels that corruption is almost controlled and the most important thing is people are well educated in China. In essence this could be the map road for India to become an economic superpower – namely to combat corruption at every level and promote universal education for all its citizens.

That said it difficult to compare China and India as the former is a one party state and the other a mixed democratic economy. Both face different political and economic challenges but indeed it is a strong indicator that universal education combined with anti-corruption measures would enhance economic and social development.

#### 5.1.4 UK – the Interviews

As the theme of this work is to explore whether India can indeed become an economic superpower in the future the analysis of the qualitative approach is firmly concentrated on the Indian sample and hence the summary and discussion more comprehensive. The key interview questions have already been presented in the introduction to this work but the author will briefly discuss the UK interview responses.

##### 5.1.4.1 Themes and discussions

For Praful Patel who is the CEO of the Indo-British Cultural Exchange states that in India there is so much corruption and the economy is sliding in the crisis. The respondent feels that the country should work on its political stability to help the Indian economy become stable. The **fundamental of India's** economy is strong and future is bright therefore it is necessary for all political parties to work together in the interest of India.

Patel argues that development is no more than everyone is able to buy food and is bale to have basic education and health facilities this is called real development – “In my words the development of people is the economic development of a country.”

Meanwhile Makhan Singh who was a long term serving Director of Greenwich Council for Racial Equality, does not deviate from the above respondents summary and adds that living standard of people have improved – “ there is a strong need to mention that only few people are benefitting from the development. If the living standard of certain class of people is improving then there are those whose living standard is falling **way behind the poverty line.**”

As in line with the central theme of this work the respondent asserts that the first and foremost step that Indian government should be taking is **the reduction of poverty.** For Bajwa “guidance principle of Indian constitution says that everyone should be provided with food, shelter and

clothes. But reality is different from what is written in the constitution. Rich are getting rich and poor are getting poor. There are many people in India who are living under \$1 per day.”

In line with much of the primary work of this dissertation education is **seen as key to promote India's chances of realising its ambition of** becoming a global economic superpower. Harminder Mahil who is currently a Politics Student, asserts that as a frequent traveller to India, it education that can help Indian economy to grow more because it gives India a chance to increase their education level and will be easier for educated India to compete in the Global market.

The author appreciates that any data analysis or commentary can be utilized to promote a narrative but there are not many who would challenge or dispute Hardev Singh Dhillon's response that the Indian economy is developing already but it is not balanced, benefits are gone to primarily fewer people and most of people living in India are still backward.

The respondent argues that the Indian Government policies are not well thought of and while making policies social aspect should be taken into account; “Economic development is not measured by how many roads you make and how many buildings you make rather it is measured by the benefits that ordinary people are making. If basic necessities such as accommodation, education and health service are provided to everyone **then it is called development.**”

As with the phase one of the qualitative study the responses to the question about which country the sample feel will be a superpower in the future are interesting. All four respondents assert that China is most likely to become the next global superpower. **Bajwa argues that** “China will be the next power because their working class is disciplined and politics is comparatively clean; whereas in India the working class is divided on the basis of political means. For the respondent, generally

Trade Unions are meant to be independent and are for benefit of labour class but according to *“my experience in India there is several Trade Unions which support different political groups.”*

This theme and narrative is supported by the entire UK sample. For Dhillon, who is an Immigration Advisor, the World is changing very rapidly and we do not know what is going **to happen in next 20 years “but** to look at the economies now I think China will go up, Europe and India will go down. If China can be consistent like it is now then it will be the **super power.”**

Mahil adds that China will be the next super power because they have got much planned economy. But by no means does the respondent think its definite but general consensus **seems to be that it is China.”**

Patel asserts that China will become the next superpower because the **country’s** economic development has accelerated very fast because they do not have democracy – **“they work very hard to achieve goals. But in India we have democracy and India is paying price for its democracy.”**

In sum the qualitative analysis mirrors some of the key assertions from the quantitative approach that promoting universal education, tackling corruption and fighting poverty are the key variables that will assist India challenge the economic status quo – namely the current international economic order.

## **5.2 Data Analysis Secondary Sources**

It is clear from the BRICS Report by R. Purushothaman (2012) that macroeconomic fundamentals results into strong growth performance of BRICS and these fundamentals are reflected by the high savings and investment rates. South Africa and Brazil still have scope to increase these rates. The highest savings and investment rates are acquired by China among BRICS countries and then followed by India. In the case of China and India, the contribution of next exports to GDP, is reduced by

these high savings. The report also outlined the fact that a large geographical dimensions and size of population are the salient features of BRICS economics. One of the key contributors in the economy is the sectors of the country as defined below:

#### 5.2.1 SECTORS

##### 5.2.1.1 Industry and Services

Economy of the Republic of India (n.d.) blog discusses that 28% of the GDP and 14% of the total workforce is provided by this sector. In terms of nominal factory output **India's** rank in 12<sup>th</sup>. As a result of economic reform the Indian industrial sector went through important changes; as a result import restrictions were removed, foreign competition was brought in, certain public sectors were privatised, FDI regime was liberalised, expansion in the production of fast moving consumer goods because of improved infrastructure.

(CCI) Corporate Catalyst India (2013) state that after agriculture textile is the largest employment provider industry and therefore has a significant impact on overall Indian economy. CCI also claims that textiles industry contributions are significant in industrial sector. 14% of the industrial production, 4% of GDP and 17% of the **country's** export is underwritten by textiles. CCI also claims that it provides direct employment to over 35 million people. CCI also assumes that this industry is booming and the industry have the potential to increase the share of world trade from 4.5% to 8% by 2020.

Eichengree, B and Gupta,P (2010) state that **India's** industrial sector is mainly focused on information and communications technology. There were two waves in the growth of service sector in the first wave its share of output rose at a deceleration rate with US \$1,800 per capita income in 2000. In second wave the share started increasing with US\$4,000 per capita income. The commentators also put forward the fact that for its size and dynamism of the service sector India stands out.

Furthermore, Economy of the republic of India blog (n.d.) puts light on another important sector of Indian economy which is mining. 79 different minerals including iron ore, manganese, mica, bauxite, chromite, gypsum, silica sand, limestone and fluorite were produced by the country. Most foreign investment in retailing is prevented by regulation. Before a store could open doors, there are over 30 regulations such as **“such as signboard licences”** and **“anti-hording measures”** need to be compiled. For moving goods from state to state or even within a state there are taxes.

#### 5.2.1.2 Banking

According to (IBEF) India Brand Equity Foundation (2013) ***“India’s Rs 77 trillion (US\$ 1.30 trillion)-banking industry is well at par with global standards and norms”***. Indian banks are insulated from the global crisis by Reserve Bank of India. IBEF also claimed that in May 2013, the deposits worth Rs.716 trillion (US\$1.21 trillion) were deposited in 87 scheduled commercial banks. Public sector controls 26 of these banks, 20 of them are private banks and rest (41) are foreign banks.

It is clear from the stats that Indian banks are growing and playing an important role in **nation’s** economy.

#### 5.2.1.3 2.1.3 Agriculture

A.K. Srivastva (n.d.) states that a well-established internationally acknowledged agriculture statistics system s acquired by India and a vital role is played by agriculture. 70% of the rural households depend on agriculture and one fifth of the exports of the country are supported by this sector.

Shada Islam (2013) claims agriculture contributes 21% of the **country’s** GDP still an important part of Indian economy. Since 1999 a slowdown in the agriculture can be seen and now this slowdown is a big concern. The banks in India has given a warning against over-regulation of domestic agriculture trade, poor allocation of water, bad services and infrastructure in rural areas and deteriorating irrigation infrastructure.

#### 5.2.1.4 2.1.4 Energy and Power

The Republic of the India additionally ascertains that 25% of **country's** domestic oil demand is fulfilled by **India's** oil reserves. The total Indian oil reserves in 2009 were 775 million metric tonnes and gas reserves were 1075 billion cubic meters. India is the fourth largest oil consumer in the world and \$82.1 million worth oil was imported in the first three quarters of 2010.

Shada Islam (2013) adds that in 2012 summer India faced a major electricity challenge; there were millions of people that were without electricity. Moreover 56% of rural households got no access to electricity. By 2020, India is expected to double the energy consumption per capita and to deliver this more proficiently India will have to generate more energy. The focus is on renewable energy but renewable energy such as wind farms, small hydroelectric plants play a minor role in **India's** energy portfolio.

#### 5.2.1.5 2.1.5 Working population

Viktor Korolev (n.d) asserts that the working age population (25 to 60 years) of India is 61% and from 2006 until **2011 India's labour force** increased from 472 million to 526 million. Commentator also argues that by 2050 it is expected that in the U.S. the percentage of people that are over 65 will be 39% in Germany it will be 53% and 67% in Japan whereas in India this percentage will be only 19%. This shows that India will have **more people working towards its prosperity. India's population will be** young and working age, however only well-educated and highly skilled labour will be able to grab the jobs (International Development Research centre or IDRC). Further Fouskas and Gokay (2012) adds that this high number of working age population can be a source of instability but there are chances that India can attain unlimited rewards if government provides the Indians with primary education and the opportunities.

Victor (n.d) also adds that India has an average growth of 8-8.5% in the recent years but almost 330 million people live below the poverty line.



Approximately 700,000 engineers are produced every year but still there is no school for 16 million students are out of school. India is accounted **for one sixth of the world's population and the literacy rate is only 63%.**

Meanwhile the CSIS report (2013) p ix, discusses that in 2030 the Indian economy will grow from current GDP of \$1.8 trillion to become third largest with probable GDP of \$30 trillion. This report also added that even though there is going to be a great improvement in Indian GDP in the future India still has a long way to go to recognise its ability in terms of human capital, employment and trade.

## 5.2.2 Challenges

### 5.2.2.1 Corruption/Poverty

Jon S. T. Quah (2002) believes that globalisation and corruption are the two things that are dominating the Asian world. According to UNDP (**United Nations Development Programmes**) 1999 “ *Corruption refers to the misuse of public power, office or authority for private benefit – through bribery, extortion, influence peddling, nepotism, fraud, speed **money or embezzlement***”. Jon (2002) also discusses that in many Asian countries such as India, China, Japan and Hong Kong corruption is a serious problem and the Corruption Perception Index (CPI) conducted in 2000 by Berlin-based Transparency International (TI) shows the ranking of 12 Asian countries (Table 4, see Appendix A). CPI claims that Singapore is least and Indonesia is the most corrupted country in Asia and India is considered to have the 4<sup>th</sup> rank as the corrupted countries in Asia (Table 4, see Appendix A). Jon also mentions that globalisation is responsible for pushing the increase in privatisation and as a result opportunities for corruption are enlarged. Though these Asian countries seem to have Anti-Corruption laws but none of them has appears to work efficiently. For instance India has Prevention of Corruption Act (POCA) is implemented by the Central Bureau of Investigation (CBI), the Central Vigilance Commission (CVC), the state anti- corruption bureaux and the state vigilance commissions (Jon, 2002).

Another effect of globalisation is discussed by Lalima Singh (2013) and that is on poverty. According to estimation by the Indian government committee nearly 38% of the Indian population (380 million people) are **poor. India has the world's largest number** of poor people with almost 1 billion inhabitants and 260.3 million below poverty line. Singh asserts that because production, distribution and consumption are increased as a **result of globalisation therefore this process is meant to** *"increase economic activity for people, enterprises and countries through free international trade, direct foreign investment, and capital market flows"* Lalima Singh (2013).

#### 5.2.2.2 Bad Infrastructure

According to a blog on IBUS (2013) after United States, India has the second largest network of roads in the world (Table 5, see Appendix A) but still there are many problems with these roads. Lack of reliable electrical system, running water or electrical power is common for many Indians. Large retailer avoid coming to India because of the bad infrastructure people were not able to have reliable access to different part of city and thus finding good location for retail stores is difficult.

For Sharma, A.K. & Vohra, E. (2009) China (Table 6, see Appendix A) does not have a long history of building highways and expressways but if compared to India then it definitely have done well in terms of infrastructure.

The commentators also outlines that the reason for the failure of rapid growth of manufacturing sector and exports in India is inefficiency of transport products from inland facilities to its ports. It is argued that though the Indian export has doubled in the last decade still it only **contribute 0.8 % rise towards the world's export rise. India's under** developed trade and infrastructure has cost (Sharma and Vohra, 2009).

### 5.3 Indian FDI **Inflow's** Current Scenario

For Sarbapriya Ray (2012), in developing countries including India, one of the main reasons for the promotion of FDI is the promotion of the production efficiency and escalates the export. Many countries are interested in investing in India and a share of top 10 Investing Countries in India in be seen in

Table 7 (Appendix A). Nonetheless, there would not be any automatic change in the orientation of the domestic firm after the purchase of a share of equity by them in the home firm or after the increase in equity stake of the foreign investors in existing joint venture (Ray 2012). The commentator argues that the main aim of FDI investors to benefit from profits earned in the Indian markets **because of the Indian government's** initiatives to attract FDI Inflows, a total of US\$180,034 million was received from year 1990-91 to 2009-10. From 1991-92 to 1997-98, a rising trend in FDI inflow is shown and the reason behind this was the sincere sequences of structural liberalisation and open-market (Ray, 2012).

According to “World Investment Report 2011” by United Nations Conference on Trade and Development (UNCTAD) India had 8<sup>th</sup> position as attracting largest FDI which fell down to 14<sup>th</sup> position in 2011.

### 5.4 Major weaknesses of larger FDI inflows in India

#### 5.4.1 **India's** poor competitive Edge:

In a report conducted by Business standard (2012) named India slips in global competitiveness, says that once again India has gone down three notches to 59<sup>th</sup> place among 144 countries. For a country to become **world's top ten economies by sheer size and these countries account for** 5.6% of global GDP, performance of India is moderate and is referred to as a serious underperformer. It is the miss-governance that is responsible for India not realising its potential and creating its competitive edge.

These figures show that India has failed to maintain a healthy competitive edge also there are many reasons that will not allow large amount of FDI flowing into India. Some of the major restrictions are given below:

#### 5.4.2 Restrictive FDI regime

Krish Kumar and Arbinder Chatwal (2012) emphasised that the economy of India is inviting foreign investment especially in retail sector but the FDI is still restricted in this sector. For them there are many certainties, restrictions and socio-economic risks despite of the fact that many countries want India to do a real deal in this sector. The commentators believe that *“India should be well on the radar for **foreign retailers**”*.

In addition the commentators stress that India should be doing as much as they can to fulfil the expectations of foreign entities in order to become a crucial and unbroken part of global economy.

#### 5.4.3 High tariff rates by international standards and Inflexible labour Laws

Bajpai, N and Sachs, J, D. (2000) assert that India as a platform for export for labour-intensive manufacturing production is losing its attraction because of its higher tariff rates in the world. The commentator asserts that big openness which includes tariff reductions is required also goods used for export, and on imported inputs into export production should be duty free. **Without the government's permission no large firm in India** is allowed to cut down the number or close down the unit. Therefore the availability of unwanted employees made the firms not to hire new employees.

#### 5.4.4 Lack of decision-making authority with the state governments

It is also claimed by Bajpai, N and Sachs, J, D. (2000) that State governments are still not free therefore they are unable to add sufficient dynamism to reforms. It is agreed that Central government is the one to control the actions of State government therefore there is no competition

between the State governments so that they can prove and compete with one another (Bajpai and Sachs (2000)). The commentators ascertain that in other developing countries such as China, Brazil and Russia reforms are pushed by the regional governments and further stimulated by the central governments.

## CONCLUSIONS AND RECOMMENDATIONS

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As stated in the introduction of this work there is no doubt that globalisation is a buzz word that has changed our everyday life, in particular the world economies and international business markets and practices. There are many predictions about BRIC countries being global superpowers – India and China are in the league to claim their position as global leaders. **India's economic rise is one of the most important stories** of the past twenty years, symbolising for many economists, academics and observers – the fundamental shift of power towards Asia.

As stated in this work it is difficult to compare China and India as the former is a one party state and the other a mixed democratic economy. Both face different political and economic challenges but indeed it is a strong indicator that universal education combined with anti-corruption measures would enhance economic and social development.

The author concurs with Rajeev Sibal (n.d.) that markets are left to their own devices because they operate within a political economic framework where distribution of wealth is inherently political. As discussed in this work some critics assert that miss-governance that is responsible for India not realising its potential and creating its competitive edge. There is no doubt that the structural base of a country is determined by how distribution of wealth and political interference shapes domestic market. For the most part, Sibal is correct to assert that India must first prepare its economic institutions by re-orienting them from managing the economy to regulating the economy. Key findings in the work indicate that the Indian economy indeed operates on a delicate balance of state intervention and free market principles.

The central findings of this work are clear in that the future of this mixed market economy **is dependent upon India's capacity to reduce discrimination** and marginalisation of these unequal citizens. As discussed in this work India is the second fastest growing economy in the world but as the key theme of this work illustrates that vast majority of people live in acute poverty. India is developing and the 8 per cent growth figures do not deceive but critics such as Harish Wankhede (2012) assert that multiple forms of inequalities still persist and in light of the facts which have been described in this work, the critic feels that the hope India will emerge as an economic superpower in 2025 appears to be a distant dream.

Having said all this, India does face challenges as does any economy in the world but for the author future economic development can be successful and very prosperous.

The key findings of this work indicate that for India to sustain its growth and **development it will need to manage several constraints.** The author's research – which is in line with many secondary sources, is that the most pressing of these is the quality of education and tackling poverty and corruption.

**Some critics in this work have argued the Indian government's response to** these constraints have long been adequate. This is certainly a perception of **the author's** research analysis, although most of the respondents in the survey do indicate that they have seen the greatest improvements in Indian society in schools and further education.

The findings from both field samples illustrate that education and training and income equality/availability of employment are key variants that will help India develop into a superpower. The respondents aspire for good education, well-paid jobs and career progression.

## Recommendations

In the famous words of Amartya Sen, there are two nations living side by side in India; the first India lives a lot like California, the second India a lot like sub-Saharan Africa. These sentiments were echoed by respondents in the qualitative study.

As discussed in this work, inequalities have historically been part of the growth process across the world. The hope is that in India over time these **inequalities will come down.** The author's findings clearly show that India is getting stronger but at the same time due to this expansion is facing additional challenges. Economic data and patterns of growth that have been central to this work suggest India will succeed but it could be a long and somewhat painful journey.

## Final thoughts

To end on a optimistic **note, India's** development has been remarkable and with the right mind-set being broadly adopted across government and by Indian companies to promote universal education for all – in particular for the

rural masses, to promote higher educational attainment and vocational training and to tackle poverty and corruption in forms of society. This will have very robust short term and long term benefits for the country.

#### Future Research

The subject topic of this work has much volume and the author feels that there are many additional research tasks. The Indian based research was solely conducted in the Punjab which is an affluent State in comparison to other Indian States. Future research should incorporate studies of other regions of India where there is more poverty. Another aspect that merits additional research is a survey of Indian and multi-national companies that are now the bedrock of economic development in India.

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## **APPENDIX A      SUPPORTING DATA**

Economic Indicators	1990-91	1999- 2000
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India's Share in World Exports	0.5%	0.6%
India's Share in World Imports	-	0.8%
India's Exports as percent of GDP	5.8	8.5
India's Import as percent of GDP	8.8	12.3
Foreign Direct Investment (Million US\$)	155	2155
*1998 data		

Table 1: Indian economic and trading system world in the last decade

Source: Pradeep S. Mehta and Purnima Purohit (2001)

1	GDP in PPP (in US\$ Billion)		GDP (US\$ billion)		Share in World GDP (in per cent)		Per Capita GDP (US\$)	
	Rank in world	GDP	1990	2010	1990	2010	1990	2010
	2	3	4	5	6	7	8	9
Brazil	8	2,172	508	2,090	3.3	2.9	3,464	10,816
Russia	6	2,223	-	1,465	-	3.0	-	10,437
India	4	4,060	326	1,538	3.1	5.4	378	1,265
China	2	10,086	390	5,878	3.9	13.6	341	4,382
South Arica	26	524	112	357	0.9	0.7	5,456	7,158

Figure 8: Overview of BRICS 2010

Source: Ministry of Finance (2012)

Country	Industrial Production	GDP
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	1960-1980	1980-1988	1960-1980	1980-1988
South Korea	15.2	12.6	8.8	10.1
Taiwan	12.8	7.2	9.6	7.4
Singapore	12.1	4.5	9.2	6.9
Hong Kong	10.3	7.5	9.9	7.4
Thailand	10.3	6.6	7.4	6.5
Indonesia	8.9	5.1	5.9	5.7
Pakistan	8.0	7.2	4.4	6.3
Malaysia	9.6*	6.1	7.9*	4.6
India	4.6	7.6	3.5	5.4
Bangladesh	6.1	4.9	5.8*	3.5
Sri Lanka	5.3	4.4	5.2	3.9
Myanmar	4.2	7.3*	3.5	3.3*
*1970-1980				

Table 2: Comparative Growth Rates of Development Economies Average Annual Rates 1960-88

Source: Pushan Dutt (n.d.)

Country	Intermediate Goods	Capital Goods	Consumer Goods	b
---------	-----------------------	------------------	-------------------	---

Hungary	14.2	15.0	22.6	20.9
Yugoslavia	18.0	20.7	20.0	19.0
Argentina	21.2	25.0	21.9	22.9
Morocco	21.6	18.1	43.0	27.3
Philippines	21.8	24.5	39.0	28.0
Mexico	25.5	23.5	32.2	24.7
Thailand	27.8	24.8	8.5	33.6
Turkey	29.4	54.9	55.3	37.1
Pakistan	75.0	73.8	127.3	89.8
China	78.9	62.5	130.7	91.2
Bangladesh	97.9	80.5	116.1	100.8
India	146.4	107.3	140.9	137.7

Table 3: National tariff rates, 1985, %of value

Source: Pushan Dutt (n.d.)

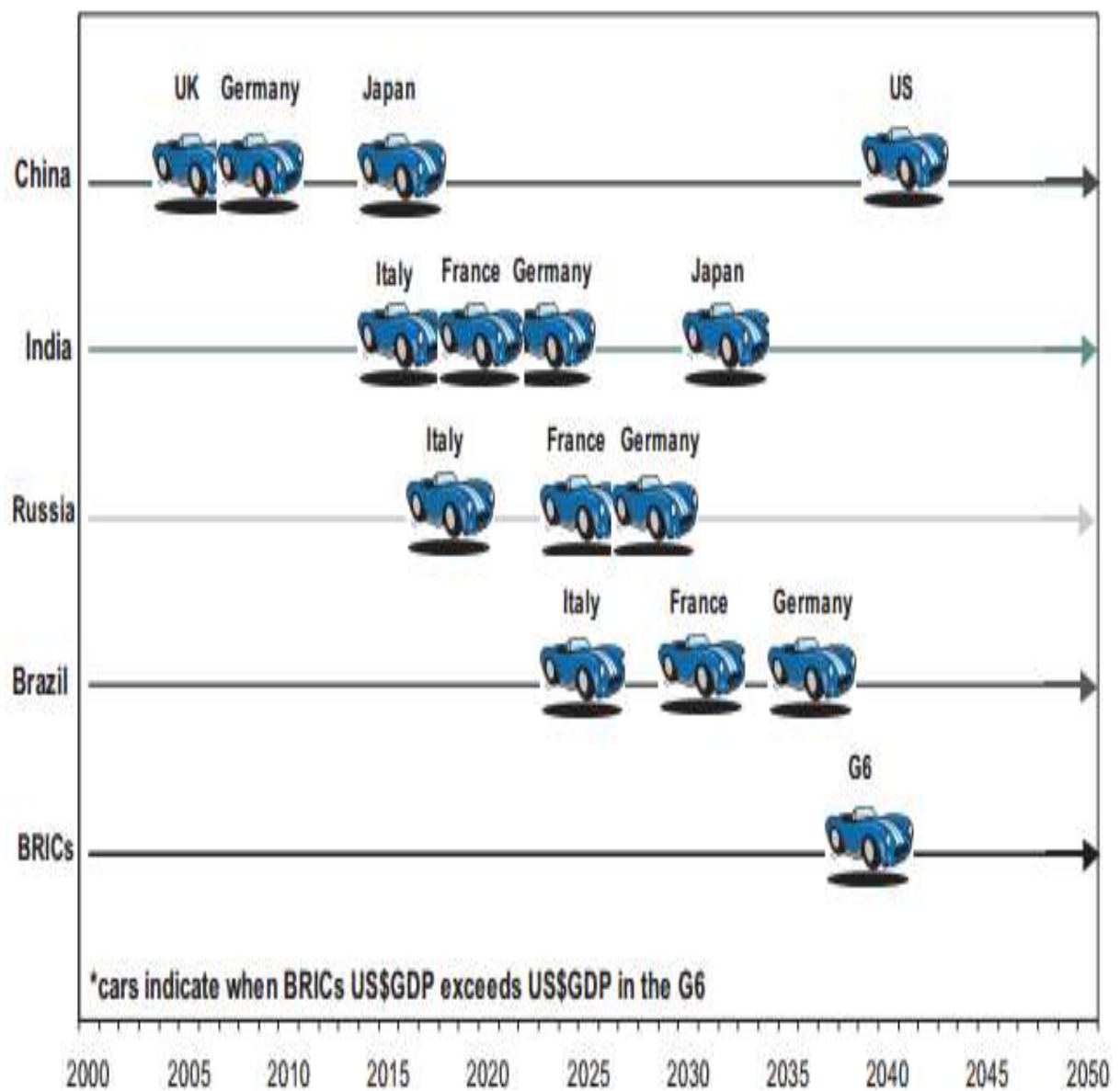
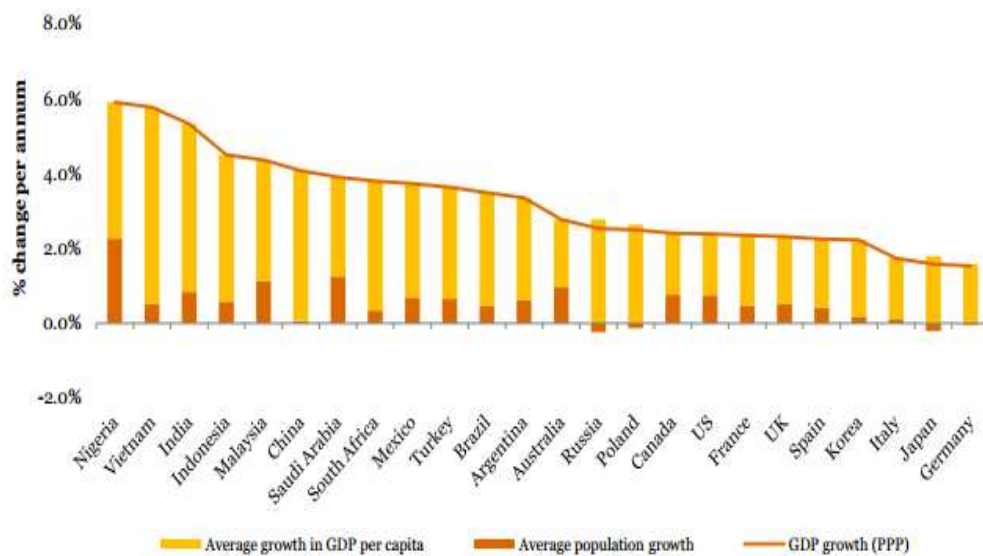


Chart 11: Overtaking the G6: When BRICS' US\$GDP Would Exceed G6

Source: R Purushothaman (2009)



The changing league table of world GDP at PPPs is shown in Table 1 below. Selected countries are marked in bold to highlight notable changes in rankings over time.

Chart 12: Breakdown of components of average real growth in GDP at PPP (2011 - 2050)

Source: PWC report (2013)

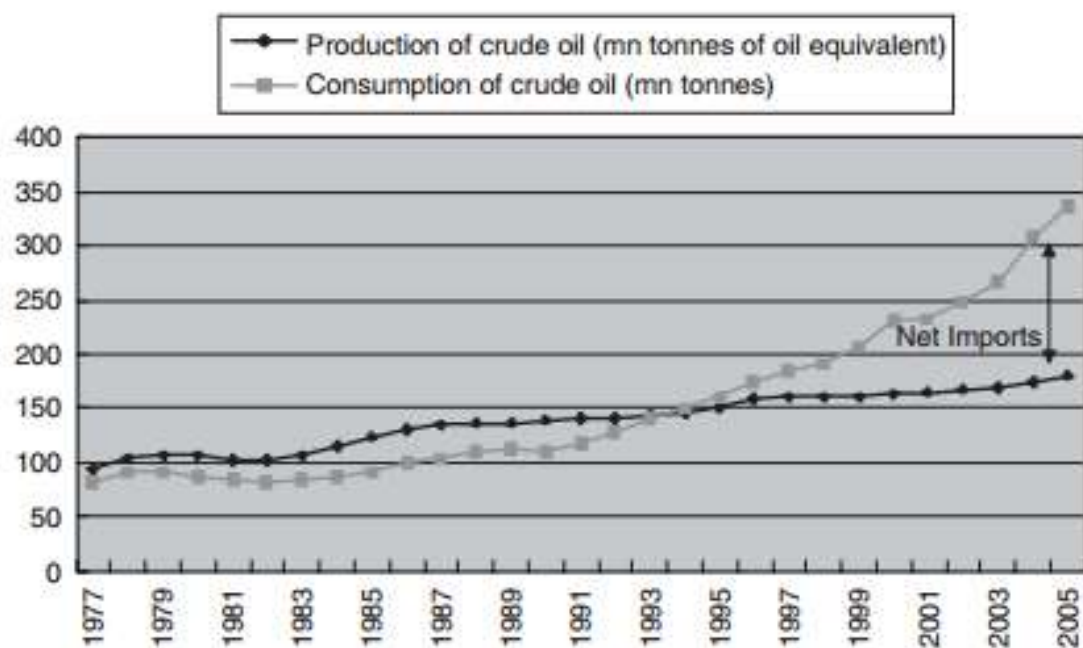


Figure 9: **China's Oil production and consumption. 1977-2005**

Source: John Mathews (2009)



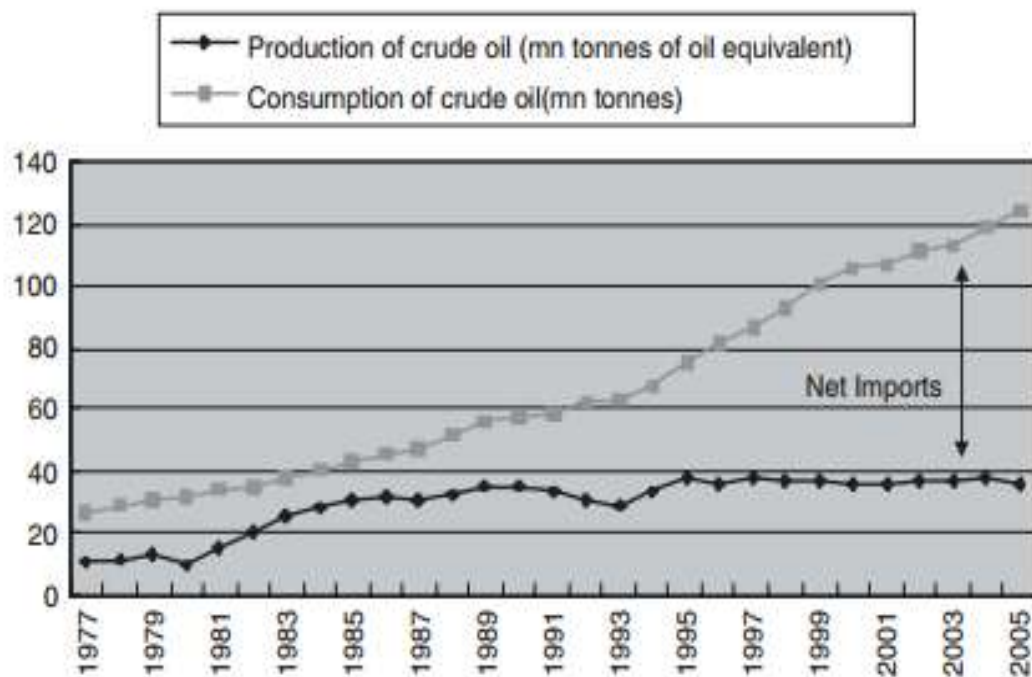


Figure 10: **India's Oil Production** and Consumption. 1977- 2005.

Source: John Mathews (2009)

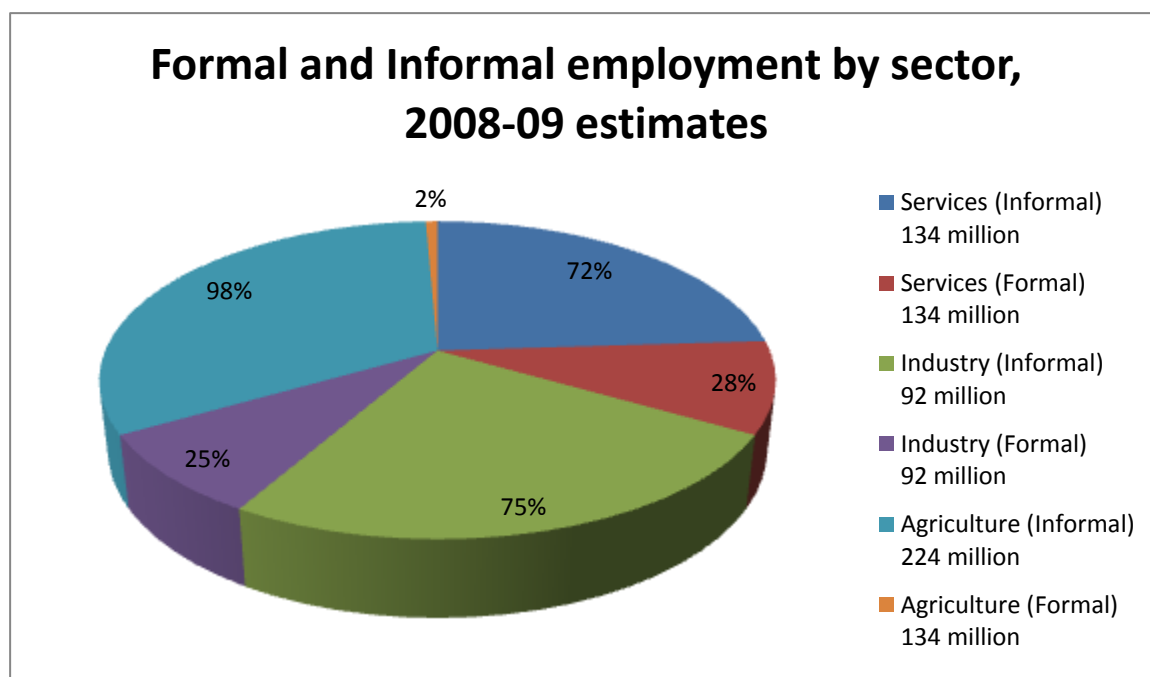


Figure 11: Formal and Informal Employment sectors

Source: IDRC (2009)

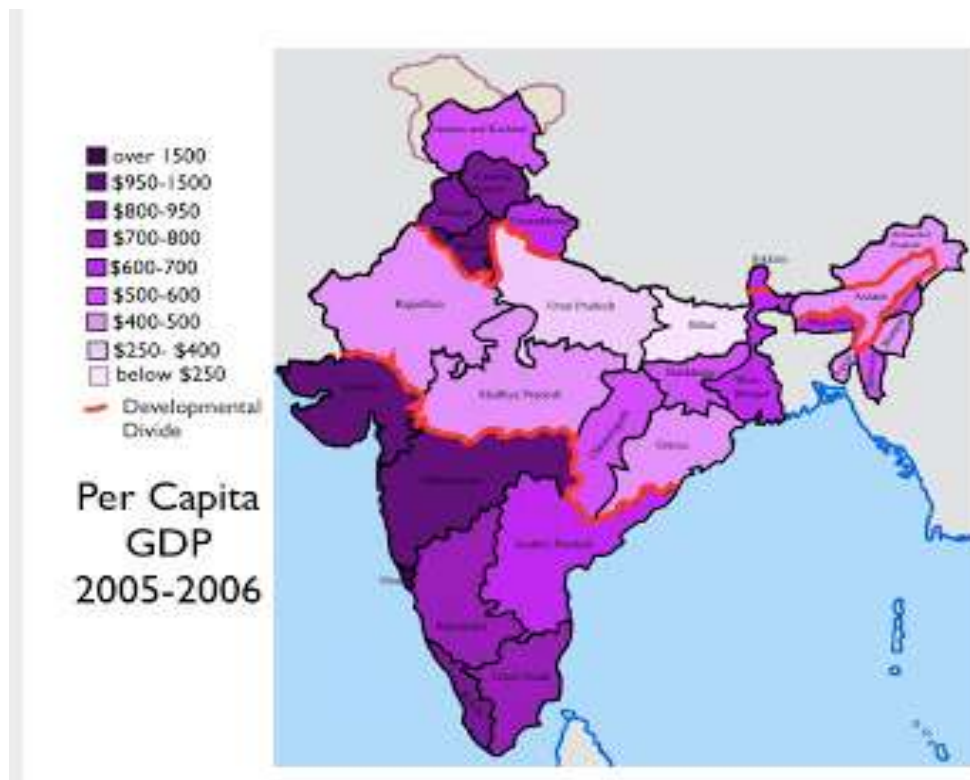


Figure 12: Map of India Per Capita GDP

Source: Lewis, M. W. (2010)

Country	Ranking (from least to most corrupt)

Country	Ranking (from least to most corrupt)
Singapore	6
Hong Kong	15
Japan	23
Taiwan	28
Malaysia	36
South Korea	48
Thailand	60
China	63
India	69
The Philippines	69
Vietnam	76
Indonesia	85

Table 4: **Ranking of Twelve Asian countries on Transparency International's 2000** Corruption Perception Index

Source: Jon S. T. Quah (2002)

Particulars		Length in kilometres
1	Total road length	1.1 million kms (second largest in the world)
2	National Highways	65,570 kms (2% of total road network and carries about 40% of traffic)
3	Expressways	200 million kms
4	State Highways	0.128 million kms
5	Major district roads	0.470 million kms
6	Village and other roads	1.1 million kms
7	Surfaced road lengths	1.604 million kms (48.6% of total road length)
8	Rural access to all season roads	60% of villages

Table 5: Roads and Highways in India

Source: Sharma, A.K. & Vohra (2009)

Particulars		India	China
1	Total road length	3.85 million kms	1.87 million kms
2	Highway length	0.194 million kms	1.83 million kms
3	Express length	200 kms	0.045 million kms
4	Percentage of paved roads (%)	62.6	82

Table 6: Status of road Network – India and China

Source: Sharma, A.K. & Vohra (2009)

S. No	Country	Aug.1991 - Dec.2000	2001 - 2004	2005 - 2009
1	Mauritius	31.51	38.81	49.62
2	Singapore	2.76	2.22	11.33
3	USA	20.10	14.36	7.28
4	UK	5.44	7.80	5.64
5	Cyprus	0.20	0.18	4.41
6	Netherlands	5.19	9.48	3.83
7	Japan	7.41	7.32	3.22
8	Germany	5.61	4.13	2.61
9	UAE	0.08	0.66	1.75
10	France	2.59	3.22	1.24
Sub-Total		80.90	88.19	90.80
Others		19.10	11.81	9.20
Total FDI Inflows		100	100	100

Table 7: Share of top 10 Investing Countries in India (%)

Source: Sabarpriya Ray (2012)

## APPENDIX B INDIAN SURVEYS RESULTS

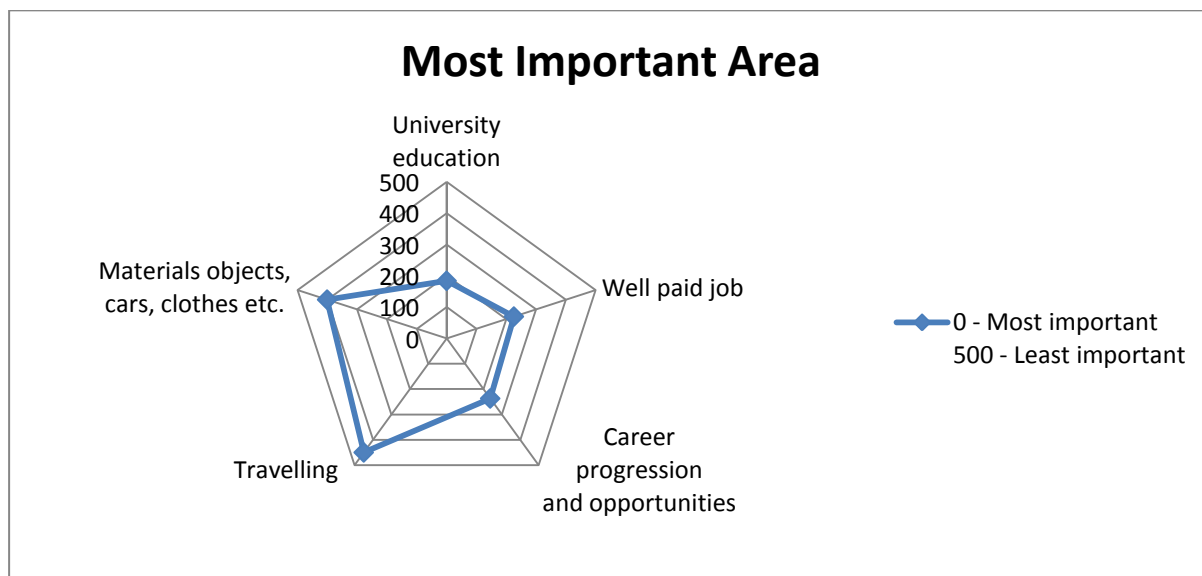


Figure 13: Most Improved Areas in India

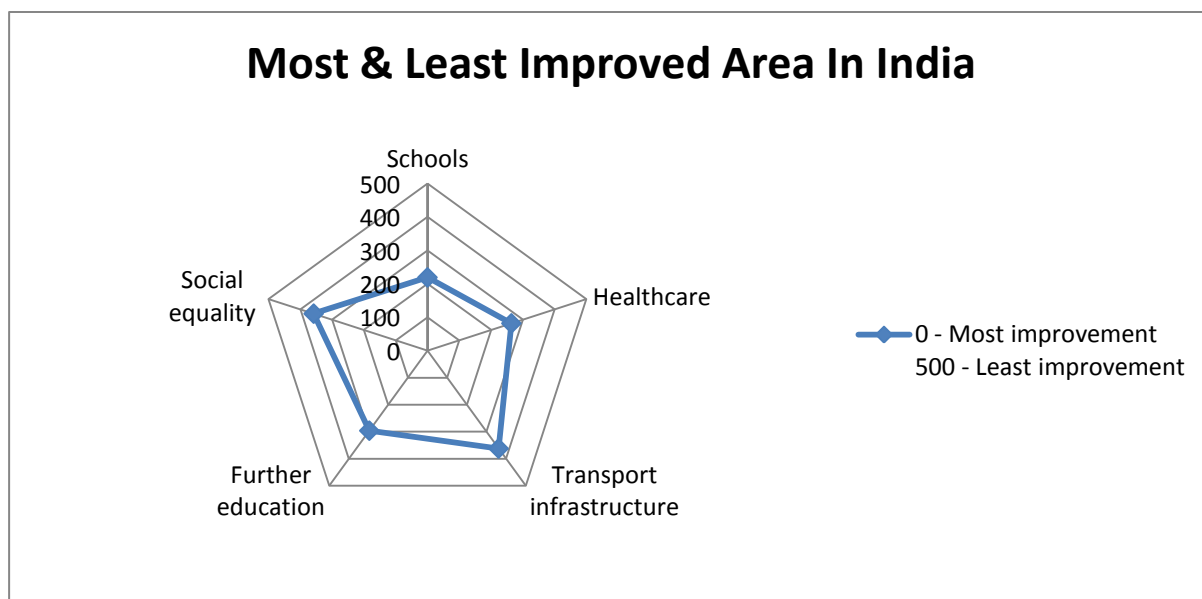


Figure 14: Ranking of Most Improved Areas in India

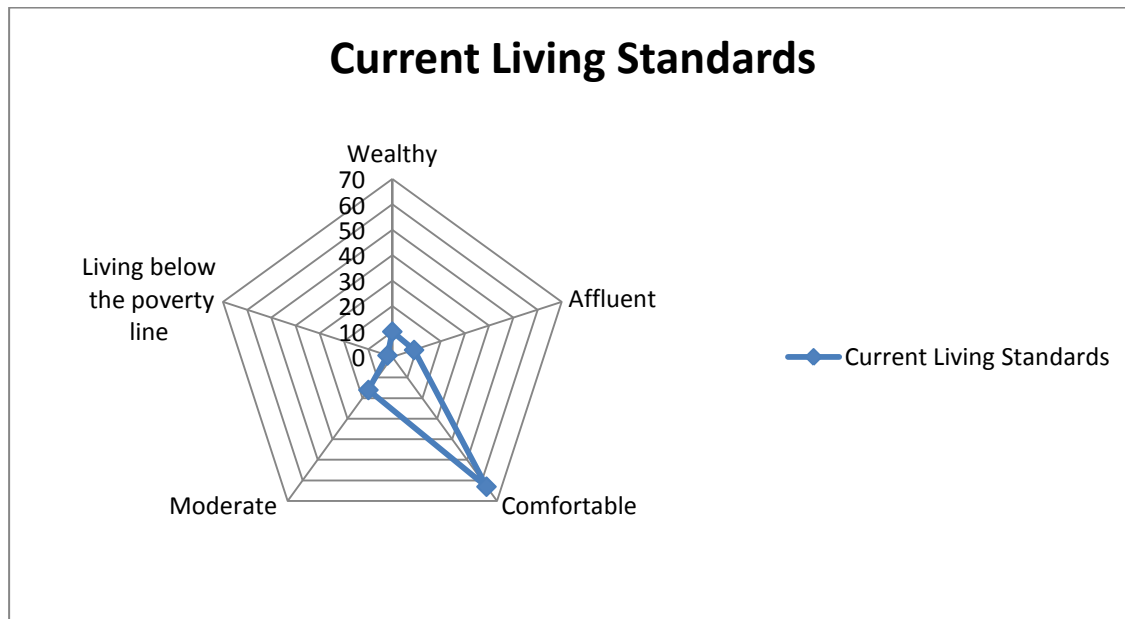


Figure 15: Current Living Standard of Indian respondents

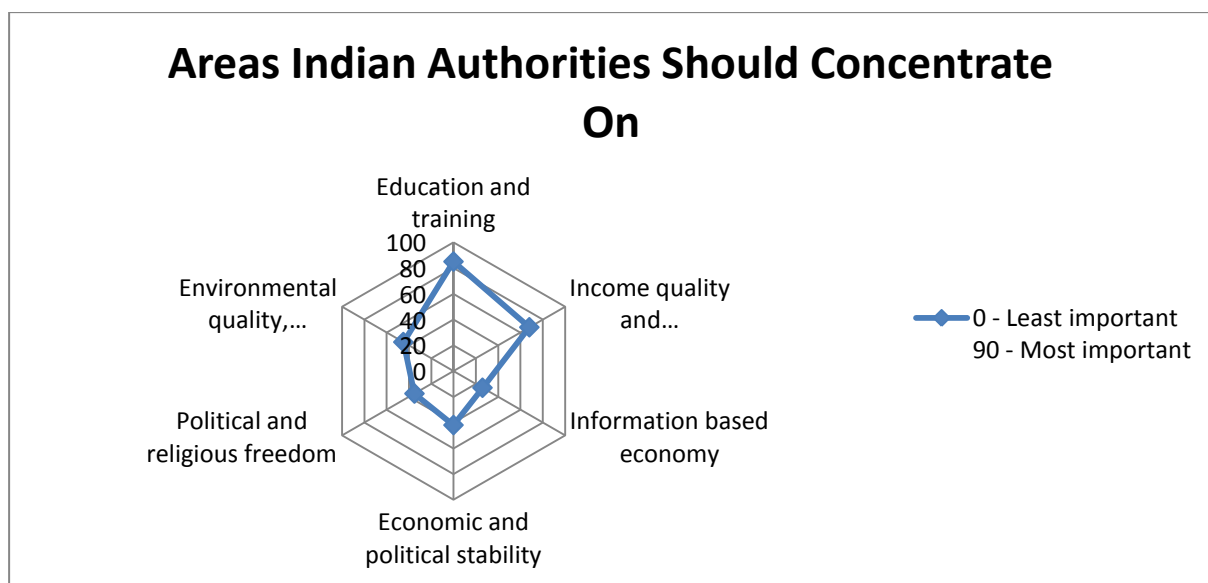


Figure 16: The areas on which Indian Authorities Should concentrate



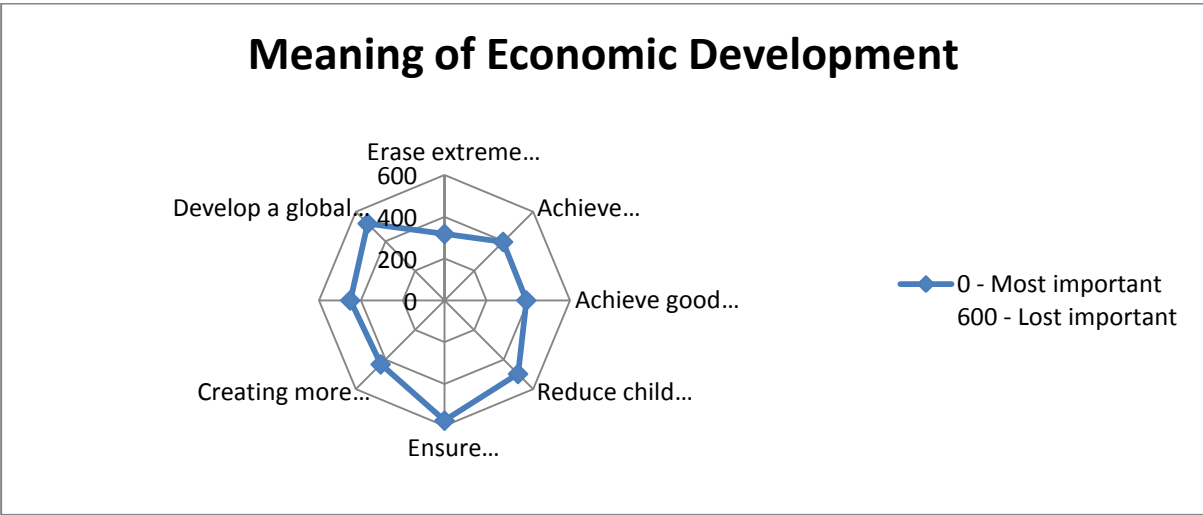


Figure 17: Meaning of Economic Development to Respondents

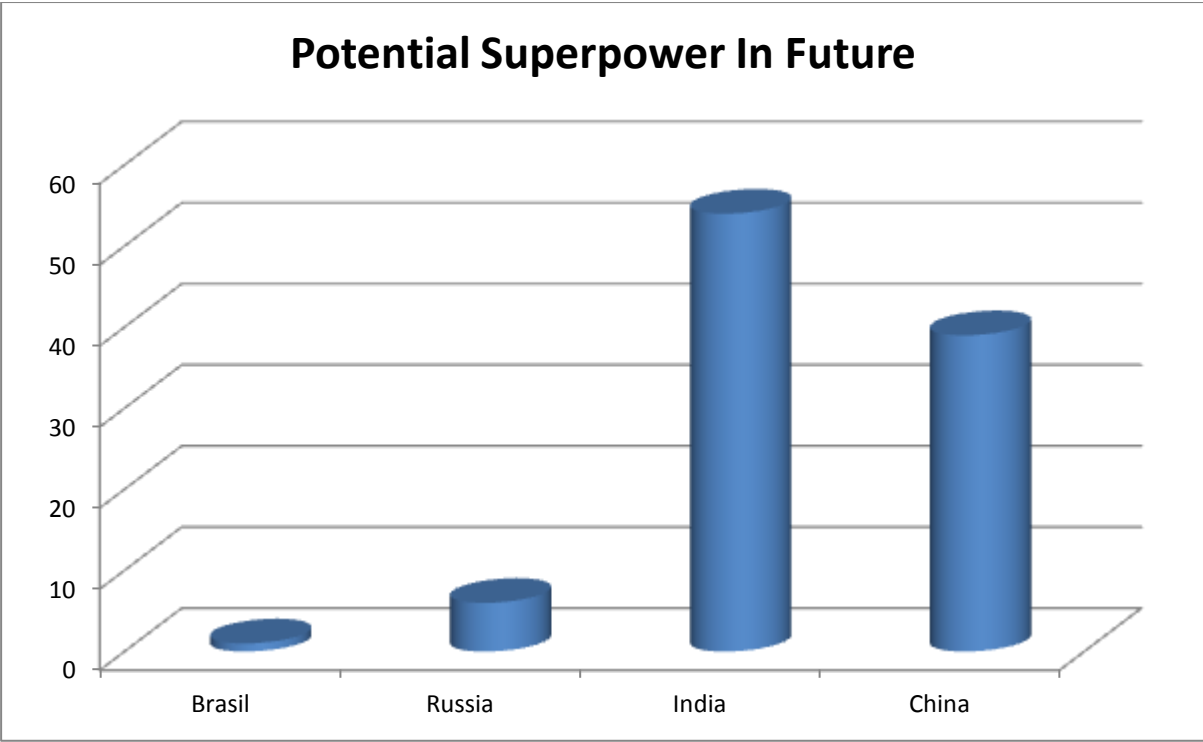


Figure 18: Potential Superpower in Future According to Indian Respondents

## APPENDIX C UK SURVEY RESULTS

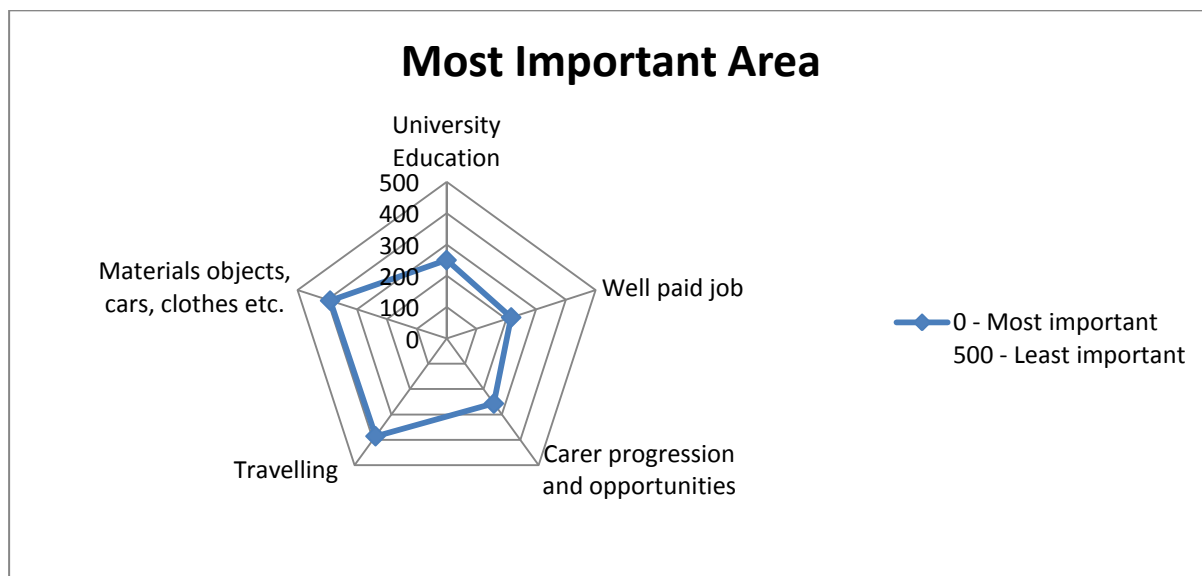


Figure 19: Most Important Areas to Indian Society

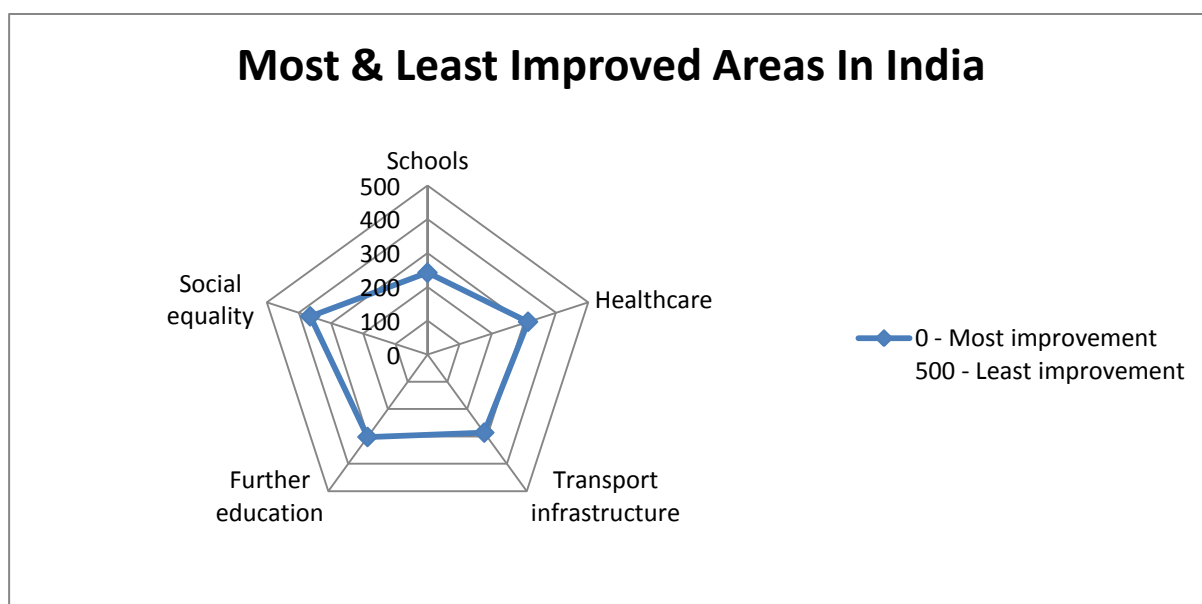


Figure 20: Ranking of Most Improved Areas in India

## Areas Indian Authorities Should Concentrate On

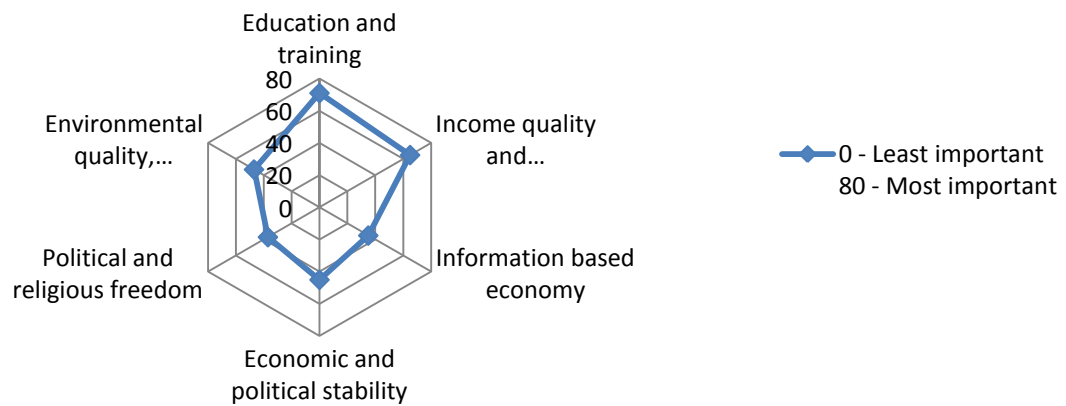


Figure 21: The Areas on Which Indian Authorities Should concentrate

## Economic Development

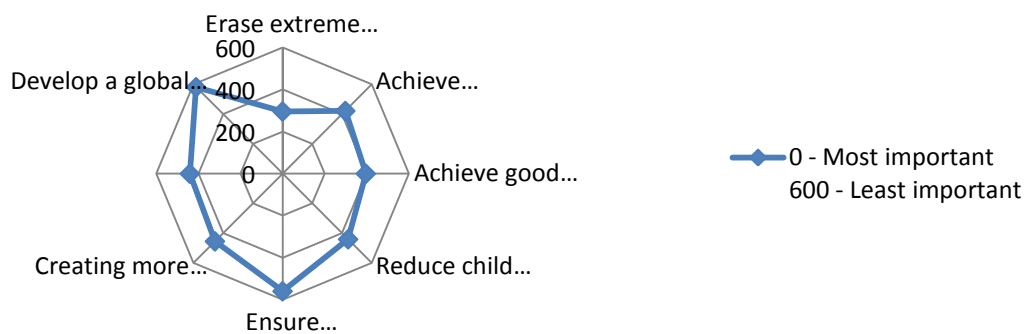


Figure 22: Meaning of Economic Development

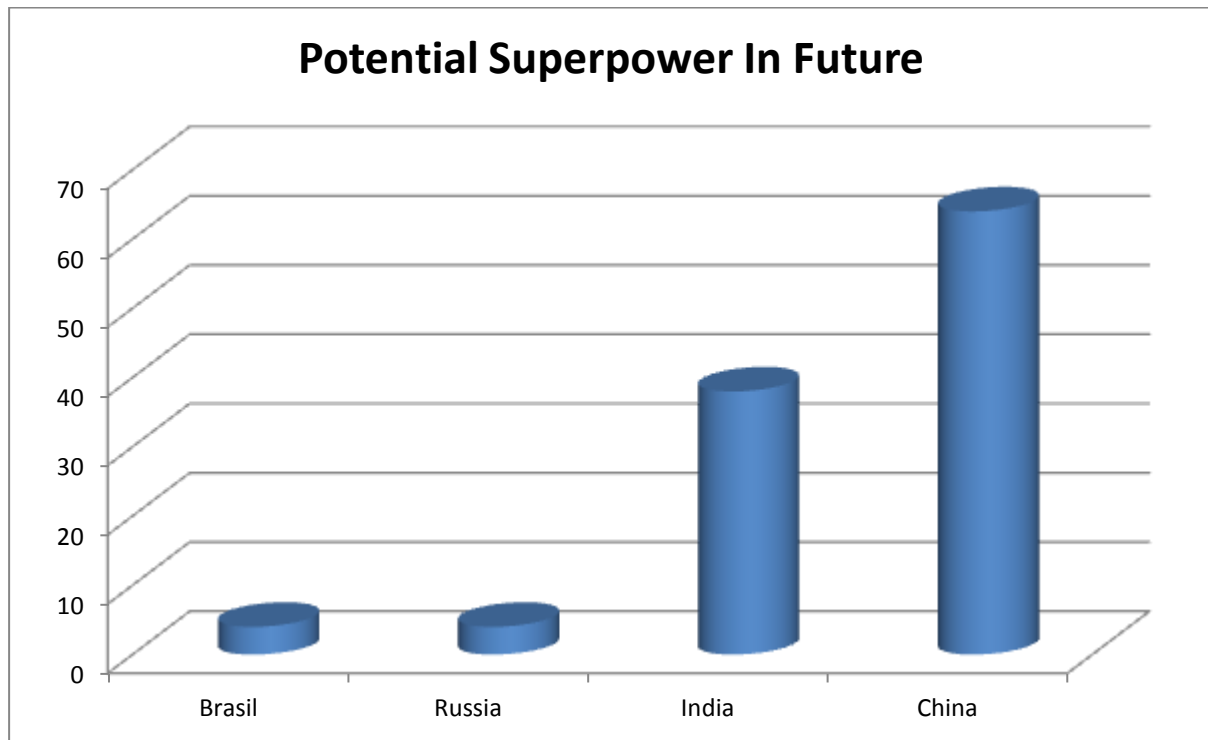


Figure 23: Potential Superpower In Future according to UK respondents

## APPENDIX D UK INTERVIEWS

### D.1 Telephone Interview 1

#### Statement of consent

Do you agree to take part in this telephone interview? Yes ☒  
No ☐

This call may be recorded for my dissertation purpose and a transcript will be produced? Do you give your consent for this? Yes ☒  
No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐  
Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Hardev Singh Dhillon

Occupation:

Links with India: Was born and brought up in India

Question 1: As a frequent traveller to India what do you think is most important thing to help Indian economy become more prosperous?

Respondent: Indian economy is developing already but it is not balanced, benefits are gone to primarily fewer people and most of people living in India are still backward. Government policies are not well thought of and while making policies social aspect should be taken into account; poor people are the least ones to get benefit from these policies. Therefore government should implement better policies of the benefit of each and every national.

Question 2: When you visit to India frequently in what areas do you think your community has made most improvements in?

Respondent: India is a country with many natural resources and India seem to be using them very well. Moreover Indian government is making promises to provide free/cheap food to people and almost 70% of Indians are eligible for this free/cheap food but I was thinking where this money is going to come from to provide free food. If they are doing it or will be able to do it then I would say this is the most significant improvement.

**Question 3: In order to push India's** prosperity and emerging economy, what are the steps do you think the authorities should take?

Respondent: First of all, all politicians have to be honest. Whenever government say we want to help people in these ways, those ways should be well thought of. They should let the bureaucrats make the policies without giving them any kind of political influence in order to help all the Indians rather than helping few friends.

Question 4: If you have to define economic development in your words, what would you say?

Respondent: Economic development is not measured by how many roads you make and how many buildings you make rather it is measured by the benefits that ordinary people are making. If basic necessities such as

accommodation, education and health service are provided to everyone then it is called development.

Question 5: Which BRIC Country (Brazil, Russia, India and China) do you think will become global superpower in future?

Respondent: World is changing very rapidly and we do not know what is going to happen in next 20 years. But look at the economies now I think China will go up, Europe and India will go down. If china be consistent like it is now then it will be the super power.

## **D.2 Telephone Interview 2**

## Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐

This call may be recorded for my dissertation purpose and a transcript will be produced; do you give your consent? Yes ☒ No ☐

The information and views you going to provide me will be used in my dissertation. Do you give your consent to that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Harminder Singh Mahil

Occupation: Student

Links with India: Go to India every once a year

Question 1: As a frequent traveller to India what do you think is most important to help Indian economy become more prosperous?



Respondent I think its education that can help Indian economy to grow more because it gives India a chance to increase their education level and will be easier for educated India to compete in the Global market.

Question 2: When you visit to India frequently in what areas do you think your community has made most improvements in?

Respondent In my point of view India has made most improvements in Transport. I feel its transport because it is the first thing I notice when I go to India.

**Question 3: In order to push India's prosperity and emerging economy, what are the steps do you think the authorities should take?**

Respondent Government should make anti-corruption laws. Better rural laws, so that the people living in backward rural areas can make most out **of India's development. If they do that, then other countries will feel more** comfortable to invest in India.

Question 4: If you have to define economic development in your words, what would you say?

Respondent The increase in ability of people to peruse happiness. Utilitarian view of happiness defines economic development of a country in my point of view.

Question 5: Which BRIC Country (Brazil, Russia, India and China) do you think will become global superpower in future?

Respondent: I think it is going to be China because they have got much planned economy. By no means do I think its definite but general consensus seems to be that it is China.

### **D.3 Telephone Interview 3**

## Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐

This call may be recorded for my dissertation purpose and a transcript will be produced? Do you give your consent for this? Yes ☒  
No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Makhan Singh

Occupation: Retired

Links with India: Born and brought up in India then migrated to UK

Question 1: As a frequent traveller to India what do you think is most important to help Indian economy become more prosperous?

Respondent: I think road infrastructure is very important, because when I go to India I see overloaded roads. This can be a negative point in terms of attracting foreign investment. Also I feel there should be better laws for driving license - I have seen 13 years driving cars; this is harmful to their lives and dangerous to other people on overloaded roads.

Question 2: When you visit to India frequently in what areas do you think your community has made most improvements in?

Respondent: I feel the living standard of people have improved. There is a strong need to mention that only few people are benefitting from the development. If the living standard of certain class of people is improving then there are those whose living standard is falling way behind the poverty line.

**Question 3: In order to push India's prosperity and emerging economy, what are the steps do you think the authorities should take?**

Respondent: I think the first and foremost step that Indian government should be taking is the reduction of poverty. Guidance principle of Indian constitution says that everyone should be provided with food, shelter and cloths. But reality is different from what is written in the constitution. Rich are getting rich and poor are getting poor. There are many people in India who are living under \$1 per day.

If you have to define economic development in your words, what would you say?

Respondents: When the class of people is improving, ordinary people are coming forward and when all the benefits that country I making are meant equally for rich and poor then I will say the economy of the country is developing.

Which BRIC Country (Brazil, Russia, India and China) do you think will become global superpower in future?

Respondent: In my point of view China will be the next power because their working class is disciplined and politics is comparatively clean;

whereas in India the working class is divided on the basis of political means. Generally Trade Unions are meant to be independent and are for benefit of labour class but according to my experience in India there are several Trade Unions which support different political groups.

#### **D.4 Telephone Interview 4**

Statement of consent



Do you agree to take part in this telephone interview? Yes NO

This call may be recorded for my dissertation purpose and a transcript will be produced? Do you give your consent for this? Yes ☒  
No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Praful Patel

Occupation:

Links with India: Working on attracting Indian Foreign investment in India

Question 1: As a frequent traveller to India what do you think is most important to help Indian economy become more prosperous?

Respondents: There is so much corruption and the economy is sliding in the crisis. They should work on their political stability to help Indian economy being stable. The fundamental of Indian economies are strong and future is bright therefore it is necessary for all political parties to

work together in the interest of India. Reform process is not filtering through poor people so whatever the government does it should expand through and make policies which are pro poor and pro common man.

Question 2: When you visit to India frequently in what areas do you think your community has made most improvements in?

Respondent: If we look at India as whole a huge middle class is coming up and many foreign market are doing businesses in India which are providing jobs from middle class and poor. In order to attract more **foreign investment India's transport structure is really improving.**

**Question 3: In order to push India's prosperity and emerging economy,** what are the steps do you think the authorities should take?

Respondent: I feel there is non-governance, political class is all divided and corruption is at ram-pit. **If the authorities want to push India's economy then they need to work together for nation's good rather than their own.**

Question 4: If you have to define economic development in your words, what would you say?

Respondent: If every-one is able to buy food and is bale to have basic education and health facilities is called real development. In my words the development of people is the economic development of a country.

Question 5: Which BRIC Country (Brazil, Russia, India and China) do you think will become global superpower in future?

Respondents: I think it is China because Chinese economic development has accelerated very fast because they do not have democracy. They work very hard to achieve goals. But in India we have democracy and India is paying price for its democracy.

## **APPENDIX E      INDIA INTERVIEWS**

### **E.1      Telephone Interview 1**

Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐

This call may be recorded for my dissertation purpose and a transcript produced, so do you give your consent for this? Yes ☒  
No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Amita Khullar

Occupation: Pharmacist

**1. As being a part of Indian community, what is the most important thing to you?**

**Respondent:** The most important thing for me is the culture I live and the freedom to speak. If I have got the freedom to speak I can convey my message and my point of view to the high authorities and it might help them dealing with problems such as corruption or poverty.

**2. In what areas do you think India has made most improvements in?**

**Respondent:** India has made improvements in many areas but the most significant improvements are in IT sector, Education system, Banking, and Transport system. I can feel how these improvements have changed our lives for its good as compared to the past.

**3. In your point of view what are the steps that Indian authority should take to push India's prosperity and emerging economy?**

**Respondents: 1.** Growing population is supposed to do well for India in future but looking at the current state of living standard of people here I think government would struggle to provide for such big population and people might find it very hard to stay employed. So I think authorities should try and control the population.

4. Education system has improved a lot still a huge amount of Indian population is illiterate; government should take steps to provide everyone with basic education and also should take steps to encourage parent to send their children to school.

**5. If you have to define economic development in your own words, what would you say?**

**Respondent:** In my point of view a country is developing economically if the people residing in the country are able to fulfil the basic necessities such as food, clothes and a place to live.

**6. Out of BRIC countries (Brazil, Russia, India, China), which country do you think would be a superpower in the future? Please provide your reason.**

**Respondents:** Despite of the many problems face by India I still think the next superpower will be India because it has many natural resources and a strong atomic power.

**E.2 Telephone Interview 2**

Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐



This call may be recorded for my dissertation purpose and a transcript produced, so do you give your consent for this? Yes ☒

No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Gurmit Singh Palahi

Occupation: Director Community College Phagwara & Secretary  
PAGRUD

**1. As being a part of Indian community, what is the most important thing to you?**

**Respondent:** National Integrity, patriotism is most important thing for me.

**2. In what areas do you think India has made most improvements in?**

**Respondent:** In Agriculture, Small Scale Industries, Service Sectors.

**3. In your point of view what are the steps that Indian authority should take to push India's prosperity and emerging economy?**

**Respondent:** 1.To make and implement law strictly to take back black money put by several leaders, industrialists & big bosses in SWISS Banks.

2. To take steps for increase export & Import and to encourage the people of other countries for tourism.

3. To liberalize policies regarding opening new industries by NRI's.

4. To generate new employment opportunities for the young generation which is almost 50% (below 25 years of age) of the total work force of Indian total work force.

**4. If you have to define economic development in your own words, what would you say?**

**Respondents:** In simple words economic development is development of human being, area & Country where he lives. it is said to be a developed economy where a person gets food, clothes, House (Basic Needs) ,good health ,education & employment.

**5. Out of BRIC countries (Brazil, Russia, India, China), which country do you think would be a superpower in the future? Please provide your reason.**

**Respondents:** China, because it is gaining more strength in every sphere including Industry service sector & Agriculture. It has gained success in decreasing population. China is developing & using modern technology in every sphere of life and also competing in import and export with developed countries in different areas including manufacturing of even a single pin to war weapons & heavy machinery.

### **E.3 Telephone Interview 3**

#### Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐

This call may be recorded for my dissertation purpose and a transcript produced, so do you give your consent for this? Yes ☒  
No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Gurpreet Kaur

Occupation: Teacher

Question 1: As being a part of Indian community, what is the most important thing to you?

Respondent: Independence is Important. Independence is a form of power. Except, instead of power over other people, it means power over yourself. **Without independence, you're enslaved to whatever provides for you. With independence, you're free. The amount of value you take from other people is equal to or less than the amount of value you put back. It doesn't mean you don't need other people. And it doesn't mean**

**you avoid other people's help. Independence builds self-**confidence, sincerity towards responsibility. Freedom itself is a learn-o-meter of life.

Question 2: In what area do you think India has made most improvements in?

Respondent: I think India has made most improvement in Education system. It falls under the control of both the union government and the state government. India has made progress in terms of increasing the primary education attendance **rate. India's improved education system** is one of the main contributor to the economic rise of India . As per Annual Status of Education Report 2012, 96.5% of all rural children between the ages of 6-14 were enrolled in school.

Question 3: In your point of view what are the steps that /Indian authority should take to push Indians prosperity and emerging economy?

Respondent: I will say Indian authorities can do more work on education system in rural areas and urban areas, agriculture, industrialisation, unemployment, technology for the Indian prosperity and economy. A huge amount of population lives in rural areas therefore a special attention of authorities is needed for the development of these areas.

Question 4: If you have to define economic development in your own words, what would you say?

Respondent: I would define economic development in terms of the scope of policies by which a nation can improve the well-being of its nationals. These policies may include political stability, employment, education and medical facilities.

Question 5: Out of BRIC (Brazil, Russia, India, China), which country do you think would be a superpower in the future? Please provide your reasons.

Respondent: Russia would be a superpower in future because it is the largest country in the world with strong army. Many mineral and energy resources are acquired by this country and working very hard to be in global competition.

#### **E.4 Telephone Interview 4**

Statement of consent

Do you agree to take part in this telephone interview? Yes ☒ NO ☐

This call may be recorded for my dissertation purpose and a transcript produced, so do you give your consent for this? Yes ☒ No ☐

The information and views you going to provide me will be used in my dissertation. Are you happy with that? Yes ☒ No ☐

Your name or contact details might be used as citation for my dissertation. Is it acceptable to you? Yes ☒ No ☐

Name: Resham Singh  
Occupation: Lecturar

Question 1: As being part of Indian society what do you think is most important thing to help Indian economy become more prosperous?

Respondent: 1. The most important thing is infrastructure because good infrastructure in very important when it comes to import and export.

2. There are many natural resources in India and they need proper utilised.

3. India needs to be less dependent on other countries **so that country's** money remains in the country.

4. There is a need to make more research centres so that they can innovate more technology.

Question 2: What are the areas do you think your community has made most improvements in?

Respondent: 1. Most improvement I have seen is in education system.

2. New shopping malls have been built up.

3. New laws have been introduced to diminish corruption.

**Question 3: In order to push India's prosperity and emerging economy, what are the steps do you think the authorities should take?**

Respondent: The authorities should introduce laws that should benefit everyone equally. Also they need to make special plans for the people who are living below poverty line so that they are able to support themselves and their families financially.

Question 4: If you have to define economic development in your words, what would you say?

Respondent: When living of people is balanced and when medical facilities, nutritious food, transportation, cloths, accommodation are in **one's budget** then I will say economic development is happening.

Question 5: Which BRIC Country (Brazil, Russia, India and China) do you think will become global superpower in future?

Respondent: It is China because their trade is very strong and the labour class has strong technical know-how. Also I think the corruption is almost controlled - they have got no to corruption economy. Most important thing is people are well educated in China.

Copy of the survey questions UK and Indian Version

Name: \_\_\_\_\_ Occupation: \_\_\_\_\_

Email Address: \_\_\_\_\_

Address (Optional) \_\_\_\_\_

Age ☐ 16-25 ☐ ☐ 26-35 ☐ ☐ 36-45  
46-55 56 & over  
Gender ☐ Male ☐ Female



Which of the following is most important to you? Please put the below in order of preference - 1 = most important and 5 least important

- ☐ University Education
- ☐ Well paid job
- ☐ Career progression and opportunities
- ☐ Travelling
- ☐ Materials objects, cars, clothes etc.

For you in which area have you seen the most improvement in your community? Please put the below in order of preference - 1 = most improvement and 5 less improvement

- ☐ Schools
- ☐ Health care
- ☐ Transport infrastructure
- ☐ Further education
- ☐ Social equality

Which of the following would best describe your current living standards? Please tick the most applicable box.

- ☐ Wealthy
- ☐ Affluent
- ☐ Comfortable
- ☐ Moderate
- ☐ Living below the poverty line

Which of the following should the authorities concentrate on to push India's **prosperity and emerging economy**? Please tick the 3 most applicable boxes.

- ☐ Education and training
- ☐ Income quality and availability of employment
- ☐ Information based economy
- ☐ Economic and political stability
- ☐ Political and religious freedom,
- ☐ Environmental quality, climate and safety

What does economic development mean to you? Please put the below in order of preference 1 = highest and 8 = lowest

- ☐ Erase extreme poverty and hunger
- ☐ Achieve universal primary education
- ☐ Achieve good health
- ☐ Reduce child mortality
- ☐ Ensure environmental sustainability
- ☐ Creating more jobs
- ☐ Achieve corruption free environment
- ☐ Develop a global partnership for development

Out of BRIC countries (Brazil, Russia, India, China), which country do you think would be superpower in future?

Brazil ☐ Russia ☐ India ☐ China ☐  
 Please Provide your reasons (Optional)

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Name: \_\_\_\_\_ Occupation: \_\_\_\_\_

Email Address: \_\_\_\_\_

Address (Optional) \_\_\_\_\_

Age ☐ 16-25 ☐ ☐ 26-35 ☐ ☐ 36-45  
☐ 46-55 ☐ 56 & over

Gender ☐ Male ☐ Female

What is your nationality? ☐ Indian ☐ British

How often do you visit India?

Very Frequently ☐ Frequently ☐ Occasionally ☐ Rarely ☐  
 Very Rarely

Which of the following is most important to you? Please put the below in order of preference - 1 = most important and 5 least important

- ☐ University Education
- ☐ Well paid job
- ☐ Career progression and opportunities
- ☐ Travelling
- ☐ Materials objects, cars, clothes etc.

When you visit India in which area have you seen the most improvement in the community? Please put the below in order of preference - 1 = most improvement and 5 less improvement

- ☐ Schools
- ☐ Health care
- ☐ Transport infrastructure
- ☐ Further education
- ☐ Social equality

Which of the following would best describe your current living standards? Please tick the most applicable box.

- ☐ Wealthy
- ☐ Comfortable
- ☐ Moderate
- ☐ Living below the poverty line

Which of the following should the authorities concentrate on to push India's **prosperity and emerging economy**? Please tick the **3 most** applicable boxes.

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Brazil ☐

Russia ☐

☐ India

☐ China

Please Provide your reasons (Optional)

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