

EMERGING SECTORS OF INDIAN ECONOMY

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Abstract :There is a broad consensus that the global center of economic growth is moving to Asia, and as a large emerging nation with a growing middle class, India has captured the attention of the developed economies looking for new investment and trade opportunities. Those sectors which are growing very fast rate in India are called the Emerging Sectors. By some estimates Indian economy will grow from its current \$1.8 trillion GDP to a GDP close to \$ 30 trillion to be the world's third largest in 2030.

According to "National Intelligence Council" by 2030 "India could be the rising economic power house that China is seen to be today." Around the world, interest in India's economy has been growing. India's economy over the last decade looks in many ways like a success story; after a major economic crisis in 1991, followed by bold reform measures, the economy has experienced a rapid economic growth rate, more foreign investment, and a boom in the information technology sector. Yet many aspects of its complex growth story remain underexplored, leading to misperceptions about what propels the Indian economy. Because some sectors in the country still suffer from crushing poverty, and social and political unrest remain a problem. India's rate of economic growth after the 1991 reforms were instituted reached a remarkable 7% for three consecutive years, from 1994 to 1997. In the post liberalization era in Indian economy has continued to make development in key sectors of the Indian economy including Energy, Infrastructure, Health Care, Manufacturing, Food processing. The economy of India is the 10th largest in the world by nominal GDP and 3rd largest by PPP. The country is one of the G-20 major economies and a member of BRICS. According to IMF India is the 19th largest exporter and 10th largest Importer in the world.

Keywords: Emerging Sectors, Indian Economy, economy.

INTRODUCTION

Emerging sector refers to an industry within an economy or a country that is in its initial stage of development, and is expected to grow rapidly in coming few years. The word sector may also be used for a group of industries. For example, economists generally divide all the industries in an economy in broad groups such agricultural, manufacturing and service sectors. So a sector of economy to qualify as emerging sector must satisfy two conditions. The first condition is that it is a sector which has established its presence but is not very big currently and the other condition is that it is currently growing fast and holds the promise to become an important sector of the economy in near future. Based on these two criteria the sectors, qualifying as emerging sector in Indian Economy today are Food Processing, Manufacturing Sector, Health Care, Organized Retailing, Education and Training, Tourism, Entertainment, Insurance, Knowledge Process Outsourcing etc. Currently none of these sectors is very big, but they are growing very fast and likely to become significantly bigger in near future. An industry qualifies as emerging sector, not only on the basis of its existing stage, but also on expectation of future growth. Thus it is not possible to identify emerging sectors of an economy with certainty. There are bound to be some disagreement among experts on the list of emerging sectors of an economy. In this article the sectors which I believe the emerging sectors,

are mentioned.

EMERGING SECTORS – INDIA

While the world may recognize India for its IT and biotechnology capabilities, there are other sectors of interest to small to medium entrepreneurs which have made impressive strides in the last few years. India has many fast emerging sectors that present ample opportunity for entrepreneurs. Here's a look at a few of them:

1. FOOD PROCESSING

The Indian food processing industry is a high priority sector and is poised for excellent growth in the coming years because it holds the vital link between agriculture and industry. India is the world's largest producer of food after China. With increasing impetus by the government on research, it is estimated that India's food production is likely to double in the next decade. This opens up huge opportunities in food processing areas like canning, packaging, frozen food and thermo processing.

India is the world's largest producer of tea, sugarcane and milk. Processing industry is nascent but is growing rapidly. In India, the industry is largely dominated by ready to eat segment, which contributed nearly 90 percent of total sales of packaged foods in India in FY-13. India is the 5th largest industry in the country in terms of production, consumption, exports and growth. Indian food industry currently stands at US \$39.71 billion and is expected to touch US \$65.41 billion by 2018 according to report titled 'India Food Service Report 2013' by National Restaurant Association of India (NRAI). Indian food industry is primarily export oriented. In this context, there are massive opportunities for export oriented food processing industries for medium scale entrepreneurs. India's agricultural processed foods exports are US \$18.65 billion during 2012-13. Investment in the Indian food processing sector grew at 20 percent per annum in 5 years. The government is currently setting up 30 'Mega Food Parks' in 5 states which will exclusively cater to the food processing industry and also provides many sops and incentives. Despite being one of the largest producers of food, only 1.3 percent of food gets processed in India while nearly 80 percent is processed in developed world. Favorable factors like lower average age, higher levels of disposable income and increasing working couples have contributed to the success of this sector.

2. HEALTHCARE

India's healthcare sector has been growing rapidly driven by a number of factors such as increasing the average life expectancy and average income level and rising awareness for health insurance. The Indian healthcare industry, which comprises hospitals, medicines, infrastructure, and medical devices, outsourcing telemedicine, health insurance and medical equipments is expected to reach US \$100 billion by 2015 from the current US \$65 billion, growing at around 20 percent year of year as per rating agency Fitch. Healthcare has become one of the India's largest sectors both in terms of revenue and employment. Revenues from the healthcare sector account for 5.2 percent the GDP, making it the third largest growth segment in India. The sector's growth will be driven by the country's growing middle class, which can afford quality healthcare. Over 150 million Indians have annual incomes of more than US\$ 1000, and many who work in the business services sector earns as much as US\$ 20,000 a year. Today at least 50 million Indians can afford to buy Western medicines- a market only 20 percent smaller than that of UK. The growing purchasing power of Indian patients is revealed in the increase business of air ambulance services. Around 365 airlifting worth several millions of rupees happen in Delhi in a year on average. India's reputation as a global health care destination is growing steadily thanks to rapid advances in medical research and huge private sector investments in infrastructure. Funds in the sector have been largely private. In fact, it is believed that the private sector provides 60 percent of all outpatient care in India and as much as 40 percent of all in patient care. It is estimated that nearly 70 percent off all hospitals and 40 percent of hospital beds in the country are private sector, says PWC. The Indian government plans to invest US\$ 177.22 million across the golden quadrilateral (GQ) project, to develop nearly 140 trauma care centers on the 6,500 Km long north-south and east-west corridors. If the economy continues to grow faster than the economies of developed world, and the literacy rate keeps rising, much of western and southern India will be middle class by 2020.

3. TOURISM

India's tourism industry is experienced a strong period of growth, driven by the burgeoning Indian middle class, growth in high spending foreign tourists, and coordinated government campaigns to promote 'Incredible India.' The tourism industry in India is substantial and vibrant, and the country is fast becoming a major global destination. India's rich history and its culture and geographical diversity make its international tourism appeal large and diverse. India is a country with diversified culture and traditions. The natural beauty of India, festivals, dresses, heritage, sites of India are very popular among tourists. These things fascinate travelers to come here. India has so many science blessed places like Kerala, Shimla. These places are prime attraction of travelers from across the world. India's travel and tourism industry is one of the most profitable industries in the country, and also credited with contributing a substantial amount of foreign exchange. Foreign tourists spend more in India than almost any other country worldwide. Several reasons are cited for the growth and prosperity of India's travel and tourism industry. There has been a positive change in perception about the benefits of tourism in the minds of planners, policy makers and as well as state governments in India. The Tourism Ministry has also played an important role in the development of the industry, initiating advertising campaigns such as "Incredible India" campaign, which promoted India's culture and tourist attraction in a fresh and memorable way. The campaign helped to create a colorful image of India in the minds of consumers all over the world, and has directly led to an increase in the interest among tourists. Every year more than 3 million tourists visit the Taj Mahal in Agra. Throughout the world, India is perceived as October to April winter destination. Tourism is now being seen as an engine of growth for the economy and a key employment generator because of low capital investment in the trade, imports earn foreign exchange. In a 2011 forecast the World Travel and Tourism Council predicted the annual growth to be 8.8 percent between 2011 and 2021. This gave India the fifth rank among countries with the fastest growing tourism industry. According to World Tourism Organization estimates, India will lead in South Asia with 8.9 million arrivals by 2020. Thanks in part to its booming IT and outsourcing industry a growing number of business trips are made by foreigners to India, who will often add a weekend break or longer holiday to their trip.

4. RETAIL

The Indian Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry.

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US\$ 175-200 billion by 2016. The Food Retail Industry in India dominates the shopping basket. The Mobile phone Retail Industry in India is already a US\$ 16.7 billion business, growing at over 20 per cent per year. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

CONCLUSION

Entirely new or restructured industrial sectors, growing at a rate faster than overall economy, such industries usually come into being when customers need change, new technologies replace older ones, or when new socio economic conditions emerge. Emerging sectors in an economy are types of markets that seem to be getting more important in that economy. These markets seem to have the potential to grow. As for

examples, this varies from country to country. Worldwide, the most likely **emerging sector appears to be** “green power”. Companies that have good products in this sector should be able to experience rapid growth in the near future. So an industry will qualify as an emerging sector, when it is still small, but its growth begins to accelerate. For an industry qualifies as emerging sector, not only on the basis of its existing stage, but also on expectation of future growth. As explained above the four sectors there are many other sectors like Insurance, Textiles, Entertainment, Manufacturing which comes under the criteria of emerging sectors.

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