

Strategic Growth Framework for the Indian Economy– An Evaluation

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ABSTRACT

This study proposes a Strategic Growth Framework aimed at fostering sustainable economic development in India by addressing key areas of social equity, infrastructure, and industrial growth. By prioritizing support for marginalized communities, enhancing agricultural income, and empowering small-scale industries through Self-Help Groups (SHGs), the framework seeks to lay the foundation for inclusive progress. Additionally, it underscores the importance of human capital development through expanded access to higher education and advocates for leveraging India's vast tourism potential, currently contributing approximately 5% to the GDP, as a significant growth driver. The model draws inspiration from Kerala's successful approach to human capital development, with universal education access as a means to ensure widespread economic benefits. Further, the study suggests policies to encourage investment from the Indian diaspora, which annually contributes over \$100 billion in remittances. By granting diaspora investors a special status, India could attract additional funds into critical sectors like infrastructure, technology, and education, accelerating the country's economic trajectory. Through these strategies, India can evolve from a predominantly service-oriented economy to a global hub of entrepreneurship and innovation. Over the next 25 to 50 years, this model envisions India as a leader in the global economy, capitalizing on its human capital and strategic investments to drive sustainable growth and international influence.

KEYWORDS: Strategic model, Self Help Group, Sustainable Growth, human capital, GDP, Inclusive progress.

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INTRODUCTION

In a country like India, a significant portion of the population resides in rural areas, approximately 65 percent as per recent data. Despite varying levels of growth across industry, business, agriculture, technology, and transportation in India, sustainable development efforts have contributed to improving the overall living standards. A key factor driving this development has been India's focus on "Human Capital."

Since the 1970s, India has undergone a notable shift in its approach to education, with increased emphasis on delivering foundational education to all sections of society. Campaigns like "Sarva Shiksha Abhiyan" have been instrumental in advancing literacy rates and enhancing India's human capital base. Previously, the economic contributions of the Indian diaspora, or Non-Resident Indians (NRIs), were a significant driver of economic growth, particularly through remittances. These remittances boosted the purchasing power of the population, which in turn spurred demand within the domestic market, leading to visible improvements among the middle and lower-middle classes.

Looking to the future, in rural India, NGOs, farmers, and the working class are expected to play a pivotal role in shaping the country's economic growth. Their contributions toward agricultural innovation, grassroots development initiatives, and skill-building programs will be crucial for sustaining and expanding India's economic trajectory.

Table No.1

Indians In Outside the Country		
Particulars	As on 2023 (In Crores)	
	Indians	Malayalees
Total Population	142.86	3.57
Working Outside the Country	2.77	0.41
Percentage	1.94%	11.48%

In India, a substantial portion of the population works abroad, although this figure is lower than that of some states like Kerala, where over 10% of the population is employed overseas. For India as a whole, income from expatriate workers and businesspeople,

particularly through remittances, is a significant contributor to the national economy. These remittances bolster household incomes, support local businesses, and enhance the overall purchasing power in communities, especially in states with high migration rates, thereby driving economic growth in those areas.

REVIEW OF LITERATURE

Ahluwalia (2002) evaluates India's gradual economic reforms since 1991, highlighting both successes and challenges in achieving sustainable growth. The paper underscores the importance of maintaining a balanced approach to liberalization while addressing social equity. Balakrishnan and Parameswaran (2007) analyze the factors contributing to economic growth in India, emphasizing the critical role of policy initiatives and institutional frameworks in driving development. They argue for a more inclusive approach to ensure that growth benefits all segments of society.

Basu and Maertens (2010) explore the patterns of economic growth in India, linking it to structural changes in the economy and the necessity for improved human capital. Their findings suggest that enhancing education and skills is essential for sustaining long-term growth. Bhagwati and Panagariya (2012) challenge prevalent myths surrounding India's development trajectory, advocating for a focus on market-driven solutions to economic challenges. They emphasize the importance of human capital and education in fostering entrepreneurship and innovation.

Bhattacharya and Gupta (2019) examine the potential of diaspora bonds as a development finance mechanism in India, highlighting their ability to mobilize resources for national development. Their analysis presents a strategic approach to leveraging the financial contributions of the Indian diaspora. Bloom et al. (2003) discuss the demographic dividend and its economic implications, arguing that India's youthful population presents a unique opportunity for growth. They emphasize the need for investments in education and health to capitalize on this potential.

Chandrasekhar (2011) provides insights into post-reform industrialization in India, analyzing urbanization patterns and the resilience of the informal sector. The study suggests that fostering inclusive industrial policies is crucial for sustained economic growth. Chatterjee and Subramanian (2020) investigate the relationship between human

capital and economic growth in India, finding significant positive correlations. They advocate for policies that enhance educational access and quality to drive economic progress.

Dev (2006) focuses on the intersections between agriculture, employment, and poverty in India, stressing the importance of agricultural reforms for rural development. The study highlights the need for targeted policies to uplift marginalized farming communities. Duflo and Banerjee (2011) present a comprehensive analysis of poverty alleviation strategies, emphasizing evidence-based interventions that target the root causes of poverty. Their work advocates for a nuanced understanding of economic challenges in India.

Ghosh (2009) critically assesses the economic growth trajectories of India and China, exploring the implications of their differing approaches to development. The paper argues for the importance of inclusive growth models that consider social welfare. Goyal (2016) highlights the significance of innovation in driving industrial growth in India, arguing that small-scale enterprises play a vital role in economic development. The study recommends policies that support entrepreneurship and technological advancement.

Haque and Yusoff (2017) explore the role of the Indian diaspora in fostering foreign direct investment and economic growth, emphasizing their contributions to national development. They advocate for policies that encourage diaspora engagement in domestic industries. Jain and Mahadevan (2012) analyze the impact of self-help groups on poverty alleviation and skill development in India's informal sector. Their findings demonstrate the effectiveness of collective action in empowering marginalized communities.

Kapur and Ramamurti (2001) investigate the relationship between diaspora engagement and development outcomes in India, emphasizing the potential of diaspora investments in driving economic growth. Their study calls for enhanced policies to facilitate such contributions. Kohli (2004) argues that state-directed development has been pivotal for industrialization in India, highlighting the role of political power in shaping economic policies. The study suggests that a proactive government approach is essential for fostering growth. Mazumdar (2010) examines the relationship between agricultural

growth and employment generation in India, advocating for policies that enhance productivity in the agricultural sector. The findings stress the need for a balanced approach to rural and urban development.

Mishra and Parikh (2019) highlight the transformative impact of self-help groups on women's empowerment in rural India, showcasing how collective efforts can address social issues. Their research emphasizes the potential of SHGs in fostering sustainable development. Mukherjee (2015) investigates the link between infrastructure development and economic growth in India, highlighting the need for investment in transport and utilities to stimulate industrial activity. The study emphasizes the importance of strategic infrastructure planning.

Nagaraj (2011) analyzes trends in growth and employment in India, arguing that employment generation must be a priority for sustainable economic progress. The paper highlights the challenges faced by various sectors in absorbing the growing labor force. Panagariya (2008) presents a comprehensive overview of India's economic journey, advocating for market-oriented policies to sustain growth. The book emphasizes the need for continued reforms to enhance India's competitiveness on the global stage.

Ramesh and Sethi (2018) explore the role of tourism in driving sustainable economic development in India, highlighting its potential to create jobs and generate income. Their study calls for policies that support the growth of the tourism sector. Sen and Dreze (2013) critically assess India's socio-economic contradictions, arguing for a more equitable distribution of resources to achieve sustainable development. Their work emphasizes the need for inclusive policies that address the needs of marginalized populations. Sharma and Singh (2014) examine the impact of remittances on development outcomes in India, highlighting the significant role of diaspora contributions in driving economic growth. Their study recommends policies that leverage remittance flows for national development.

Yesterday's Struggle – Indian Economy

Even after the abolition of caste-based discrimination, individuals from marginalized communities across India continued to face restricted access to formal education and economic opportunities. Following independence, the Indian government prioritized

providing basic education to all segments of society. This emphasis on education sparked a transformative movement across the nation, in some regions having a more profound impact than even major policy reforms like the Land Reforms Act.

In the early 1950s, employment opportunities within India were limited, prompting many to seek jobs abroad. However, the conditions faced by Indian migrant workers were often harsh. Many were compelled to work extremely long hours, sometimes up to 16 hours a day, for minimal wages. In the early years, a large number of Indians endured near-exploitative conditions in various parts of the world, with only basic facilities available for survival. This diaspora laid the foundation for the current strong Indian presence in the global workforce, though at great personal cost in the early days.

Today's Workforce – The Indian Economy

Since the 1980s, India has witnessed a shift as many previously marginalized communities leveraged improved English language skills and expanded educational access to seek better job opportunities abroad. Initiatives focused on literacy and education empowered countless Indians to secure well-paying positions, especially in the Middle East and other countries, where many achieved significant roles within various organizations. The substantial remittances they sent home have been a vital driver of economic growth in India, with migration proving to be a powerful force in poverty alleviation, particularly in states with high emigration rates.

In addition, Non-Resident Indians (NRIs) have contributed significantly to India's foreign currency reserves through deposits, which has strengthened the banking sector and enabled greater lending capacity to support industrial development domestically. This financial influx has created new opportunities for small businesses, local services, and daily wage workers in India, especially in regions with high migration. The remittances have also driven growth in the real estate sector, boosting economic advancement and improving living standards across all socioeconomic groups

With abundant opportunities available in Europe and other developed nations, many young Indians are pursuing higher education abroad, often funding their studies with bank loans. As the population in many European countries declines and with India recently surpassing China as the most populous nation, the proportion of young people

in Europe is decreasing, alongside shifts in lifestyle and career priorities. Over the next 25 years, Indians are well-positioned to manage critical sectors globally, taking on influential roles in finance, administration, healthcare, technology, and management. While they currently serve as skilled professionals in these countries, these “servants” will increasingly become entrepreneurs and leaders, playing essential roles in the growth and sustainability of other economies.

Back home, India faces the challenge of creating substantial employment opportunities for its youth. Certain regions still contend with issues such as inadequate food production and job shortages, leading to a heavy reliance on other states for essential goods and employment. As more young Indians move abroad, particularly to Europe, two potential issues arise. First, as they invest more of their earnings in their host countries, the flow of remittances to India may decline, affecting local economies. Second, with their children growing up overseas, their visits to India may decrease over time, leading to a possible weakening of cultural ties and economic engagement.

To address these concerns, the government could introduce more favorable policies encouraging the Indian diaspora to reinvest in their homeland. Incentives for expatriates to channel their earnings back into India would not only support economic growth but also help preserve familial connections and cultural heritage. Through such strategic measures, India can harness the potential of its global diaspora while fostering robust job opportunities and economic resilience domestically.

Model for India’s Economic Development in the Future

I. Creating Entrepreneurs in Agriculture (FFF Model: Food Grain, Finance, Farmers' Producer Organization)

1. **Food Grain Production:** Expanding access to clean, reliable energy sources like solar power can significantly aid farmers and agribusinesses in boosting food production and engaging in value-added processing. For off-grid farmers, replacing costly diesel generators with solar technologies would empower India’s farming communities, especially those from marginalized backgrounds, to increase food grain production sustainably.

2. **Financing Small Farmers:** Transitioning to regenerative agriculture calls for innovative financing models. Ecosystem Service Markets (ESM), which reward farmers for providing ecological and societal benefits, represent a promising approach. This model supports farmers financially while promoting environmentally sustainable practices.
3. **Farmers' Producer Organizations (FPOs) in India:** FPOs enable farmers to work collectively, enhancing their bargaining power and creating economies of scale. Supported by the Small Farmers' Agribusiness Consortium (SFAC), FPOs can drive agricultural development across India by aggregating inputs and outputs, strengthening market access, and stabilizing income for small-scale farmers.

II. Creating Entrepreneurs in Other Sectors (SSS Model: Self-Help Groups, Small-Scale Industry, Spice Export through FPO)

1. **Self-Help Groups (SHGs):** SHGs empower rural communities by addressing poverty and skill gaps through collective action. By promoting self-employment and poverty alleviation, SHGs provide essential support for rural development and women's empowerment across India.
2. **Special Package for Small-Scale Industry:** Small-scale entrepreneurs need targeted financial support, including moratoriums on existing loans and interest waivers. This financial package would help sustain and expand small-scale industries, which play a vital role in India's economy by creating employment and supporting local supply chains.
3. **Spice Export through FPOs:** India is one of the largest spice producers in the world, but recent export levels have declined. Small farmers can collaborate through FPOs to focus on global spice markets, with government assistance for exports through Indian ports. This approach would boost both rural income and India's position in international spice markets.

III. Infrastructural Development (RSR Model: Road, Sea Port, Rail)

1. **Road Network:** India should focus on upgrading and maintaining its extensive road network rather than prioritizing new road construction. Improving existing infrastructure can reduce transportation costs, enhance trade efficiency, and foster regional connectivity, benefiting rural and urban areas alike.
2. **Sea Port Infrastructure:** To support industrial growth, India should develop and modernize its ports with private sector collaboration. Improved port infrastructure can

enhance export potential, generate employment, and promote trade, especially benefiting the country's coastal states.

3. **Rail Infrastructure:** India's rail network is vital to its economy but requires further modernization and expansion to meet growing demands. Forming cooperatives or associations of marginalized communities to support rail infrastructure development could provide both investment and employment opportunities, especially in underdeveloped regions.

IV. Human Capital Development through Higher Education

To harness future global opportunities:

1. **Identify Opportunities:** Conduct studies to assess emerging career and skill opportunities across different countries to guide Indian youth toward high-demand sectors.
2. **Support Talented Students:** Identify and mentor promising students interested in global careers and innovation, encouraging them to take on leadership roles.
3. **Facilitate Education:** Provide accessible financing options like bank loans and scholarships for higher education, particularly for economically disadvantaged students, to enhance their opportunities in high-skilled sectors worldwide.

This strategic framework leverages India's strengths in agriculture, entrepreneurship, infrastructure, and human capital to drive inclusive and sustainable economic growth, ensuring that the country remains competitive on a global scale while uplifting communities domestically.

Conclusion

This study proposes a new model for India's economic growth, emphasizing the protection of marginalized communities through targeted infrastructure development, enhancing farmers' incomes, and fostering industrial growth through Self-Help Groups (SHGs). It highlights the importance of human capital development via higher education and suggests capitalizing on India's diverse tourism potential, which currently contributes approximately 5% to the GDP. By implementing this model, India can shift from a predominantly service-oriented economy to a nation of entrepreneurs and global

leaders .India’s literacy rate has grown from 18.3% in 1951 to over 77% today, showcasing the transformative impact of accessible education. Other states can adopt Kerala’s model of human capital development and universal access to basic education to ensure inclusive economic growth that reaches all social strata. To further support this transformation, the government should introduce policies to attract investment from the Indian diaspora, which currently contributes over \$100 billion in annual remittances, among the highest in the world. Granting diaspora members, a special investment status could encourage them to reinvest in sectors like infrastructure, technology, and education, accelerating India’s growth trajectory. With these concerted efforts, Indians are well-positioned to assume leadership roles in the global economy within the next 25 to 50 years, strengthening India’s influence and positioning it as a hub of innovation, leadership, and sustainable development.

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CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest associated with this study. All research findings and interpretations presented are based solely on the reviewed literature and independent analysis. There were no financial or personal relationships that could be perceived as influencing the research outcomes. The integrity of the research process has been maintained to ensure objectivity and credibility in the evaluation of India's economic growth strategies.

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