

Summary

In the last two decades, there has been rapid growth in the gross domestic product, but without simultaneous increase in employment opportunities. This has forced the government to take up initiatives in generating employment opportunities particularly in the rural areas. There has been a change in the structure of workforce in India. Newly emerging jobs are found mostly in the service sector. The expansion of the service sector and the advent of high technology now frequently permit a highly competitive existence for efficient small scale and often individual enterprises or specialist workers side by side with the multinationals. Outsourcing of work is becoming a common practice. It means that a big firm finds it profitable to close down some of its specialist departments and hand over a large number of small piecemeal jobs to very small enterprises or specialist individuals, sometimes situated even in other countries. The traditional notion of the modern factory or office, as a result, has been altering in such a manner that for many the home is becoming the workplace.

The long-term upward trends in savings and investment have, however, been interspersed with phases of stagnation.

Financial sector reforms have led to better price discovery in both interest rates and exchange rate, thereby contributing to overall efficiency in financial intermediation. The increase in financial deepening in recent years and the attainment of overall efficiency in the use of resources suggest that financial intermediation in India has been relatively efficient.