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## The Ascent of Indian Republic The Role of Enterprise



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India's economic history since 1947 extends beyond a narrow focus on GDP growth. It reflects the complex processes through which a newly independent state employed policy frameworks, institutional development, technological change, and entrepreneurial activity to restructure a colonial economy into one of the world's major emerging powers. This trajectory offers important insights into the dynamics of economic development, governance, and the formulation and implementation of public policy.

### Historical Evolution of Indian Enterprise

- (a) **1947-1965: Nation-Building through the Public Sector:** At the time of Independence, India inherited a weak industrial base, extreme poverty, and low technological capability. Private capital was insufficient to build large industries such as steel, power, oil and heavy engineering. Therefore, the state assumed the role of principal entrepreneur. The Industrial Policy Resolutions of 1948 and 1956 declared core sectors as public monopolies. Institutions such as SAIL, BHEL, ONGC, LIC and Indian Railways were created to ensure self-reliance in strategic industries. This phase ensured economic sovereignty and infrastructure creation, though it limited competition.
- (b) **1966-1990: Regulation, Control and Protected Growth:** During this phase, India followed a command-and-control economic model. The License Raj regulated entry, expansion and pricing. The MRTP Act restricted large companies and foreign investment was tightly controlled. While bank nationalisation helped expand rural credit

and social equity, excessive regulation reduced efficiency, innovation and competitiveness. Entrepreneurship survived mainly in traditional business families, but India lagged behind East Asian economies.

- (c) **1991-2000: Liberalisation and Market Economy:** The 1991 balance-of-payments crisis forced India to adopt structural reforms. The government dismantled licensing, opened sectors to foreign direct investment, reduced import tariffs and privatised inefficient PSUs. This marked India's shift from a controlled economy to a market-oriented one, allowing competition, technology inflow and export growth. Indian firms began modernising and integrating into global markets.
- (d) **2001-2014: Globalisation and Knowledge Economy:** With improved connectivity and education, India became a global hub for IT, software services and business outsourcing. Companies like Infosys, TCS and Wipro linked India to the global digital economy. At the same time, Indian corporations expanded abroad, turning India from a recipient of capital into a global investor. MSMEs became important suppliers in manufacturing and services.
- (e) **2014-Present: Digital and Startup-Driven Economy:** The present phase is characterised by technology-enabled entrepreneurship. Initiatives like Digital India, Startup India, Make in India, GST, UPI and PLI created a transparent, integrated and innovation-friendly environment. Today India has one of the world's largest startup ecosystems with growing emphasis on manufacturing, electronics,

defence, fintech, health-tech and renewable energy.

### Policy and Regulatory Transformation

India's entrepreneurial ecosystem has undergone a significant transformation due to sustained policy and regulatory reforms over the past three decades. One of the most impactful reforms has been the introduction of the Goods and Services Tax (GST), which replaced a complex web of indirect taxes with a unified national tax structure. GST has reduced logistical inefficiencies, lowered transaction costs, and enabled the creation of a single national market, a long-standing objective of Indian economic policy.

Alongside tax rationalisation, corporate tax reductions were undertaken to improve India's global investment attractiveness and enhance competitiveness vis-à-vis other emerging economies. Reforms under the Ease of Doing Business framework—such as time-bound approvals, online clearances, and faceless assessments—have reduced bureaucratic hurdles.

The expansion of digital compliance and governance systems has further improved transparency and accountability. Together, these reforms have lowered the cost of doing business, encouraged formalisation, and strengthened investor confidence.

### Sectoral Transformation

India's economic growth is no longer confined to a few traditional sectors; instead, it reflects a diversified sectoral structure, enhancing resilience against global shocks. The manufacturing sector, encompassing automobiles, steel, electronics, and defence production, has gained momentum through targeted policy support. The

services sector, particularly IT, banking, tourism, and financial services, continues to be a major contributor to GDP and foreign exchange earnings. Agriculture has gradually transitioned toward agri-enterprises and food processing, adding value and improving rural incomes. The energy sector is undergoing a major shift from fossil fuels toward renewable sources such as solar, wind, and green hydrogen, aligning economic growth with climate goals. Simultaneously, healthcare, pharmaceuticals, infrastructure, logistics, startups, and digital platforms



have emerged as key growth drivers. This sectoral diversification has strengthened India's economic stability and long-term growth prospects.

### Role of Different Enterprise Types

India follows a mixed economy model, where multiple forms of enterprises coexist and complement each other.

**Public Sector Undertakings (PSUs)** continue to play a crucial role in strategic sectors such as energy, defence, railways, and heavy industries, ensuring national security and social stability.

**Large private conglomerates** provide scale, capital intensity, and

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