

Role of Commerce in Economic Development in Indian perspective Basavaraju H.N.

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ABSTRACT:

Economics is a mother of commerce. Today Commerce plays a very important role in economic development. It constitutes a fundamental element in achieving success throughout the economic spectrum. Commerce has gained such importance because activities relating to commerce are also affected when the business cycle is going well. Through commerce exposed to the environment of the business world. It enables the importance of spreading economic ideologies while making business decisions. It makes them conscious of social, economic, and political problems. Commerce plays a vital role in the distribution of goods and services. Production inherently requires consumption. To facilitate this, an effective distribution channel is essential. Commerce fulfils this role by creating a market for surplus products. This has not only expanded global markets but also accelerated the exchange of goods and services within local markets worldwide. It is well-established that robust commercial activity significantly contributes to a nation's economic growth. In this context this paper concentrates the Role of commerce in Indian economic development. Identical objectives this paper includes.

To analyse the GDP Growth Rate in India, to discuss about Economic Development strategies in India and to study the Importance and Role of commerce in economic development. This paper based on secondary data sources. This paper found that today commerce plays a significant role in development of Indian economy. India is the world's 10th-largest importer and the 8th-largest exporter. India has been a member of the World Trade Organization since 1 January 1995. It ranks 63rd on the ease of doing business index and 40th on the Global Competitiveness Index. India's GDP growth rate since 2000 to 2023 highest in the year 2010 (8.49%) and lowest in the year 2008 (3.08%). Economics and commerce are different disciplines but there is a inter relationship between both. Commerce plays a significant role in Indian economic development. it helps uplifting standard of living of the country's people, it helps to increasing the employment. It supports to the economy for the increasing of external Business i.e., Import and export. Economic devel-

opment is vast areas covered and depends on the community live in and social welfare but commerce covered on business profit oriented. Today economic development highly depends on commerce activities.

KEYWORDS:

Economic development, Commerce, Business, decision.

Introduction:

The Indian economy has been in global focus since the very start of the 20th century. We are one of the most populous, yet fastest developing nations in the world. Agriculture, manufacturing, trade, and services are driving forces of the economy. India is likely to be the third largest economy with a GDP size of \$15 trillion by 2030. The economy of India is currently the world's fourth largest in terms of real GDP (purchasing power parity) after the USA, China and Japan and the second fastest growing major economy in the world. India's per capita income increased at only around 1% annualised rate in the three decades after its independence. Since the mid-1980s, India has slowly opened up its markets through economic liberalisation. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy. The Indian economy is still performing well, with foreign investment and looser regulations driving significant growth in the country. GDP is projected to grow at a robust 7% in FY 2024–25, underscoring its position as the fastest-growing major economy in the world. This growth momentum has been consistent, with GDP rising from 7.0% in FY 2022–23 to 8.2% in FY 2023–24. Services grew by 7.2%, driven by public administration and defense (9.1%) and finance, insurance, and real estate (7.2%). Services exports surged 21.3%. Between April and October 2024, total services exports stood at US\$216 billion, compared to US\$192 billion in 2023. It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP); on a per capita income basis, India ranked 141th by GDP (nominal) and 125th by GDP (PPP). The composite index reached 62.2, indicating continuous expansion since August 2021, alongside positive job growth and decreased input inflation, affirming India's status as the fastest-growing major economy. As of October 11, 2024, India's foreign exchange reserves stood at US\$ 690.43 billion. It is the service sector which is the main source of national income. Therefore service sector contribute more than 50% of the GDP. But it is the agricultural sector which employs more than 50% of the population. In that sense, more number of people in India are supported

by agriculture.

Commerce drives economic growth, development and prosperity, promotes regional and international interdependence, fosters cultural exchange, creates jobs, improves people's standard of living by giving them access to a wider variety of goods and services, and encourages innovation and competition for better products. On the other hand, commerce can worsen economic inequality by concentrating wealth (and power) into the hands of a small number of individuals, and by prioritizing short-term profit over long-term sustainability and ethical, social, and environmental considerations, leading to environmental degradation, labor exploitation and disregard for consumer safety. Unregulated, it can lead to excessive consumption (generating undesirable waste) and unsustainable exploitation of nature (causing resource depletion). Harnessing commerce's benefits for the society while mitigating its drawbacks remains vital for policymakers, businesses and other stakeholders.

Commerce plays an important role in promoting trade and commerce by connecting individuals, businesses, and governments. By providing resources and networks to foster business growth, they help create a more efficient economy. They provide mentoring services and workshops for entrepreneurs, helping them become successful businessmen and women. Through their relationships with local authorities and governments. In 2022, India was the world's 10th-largest importer and the 8th-largest exporter. It ranks 63rd on the ease of doing business index and 40th on the Global Competitiveness Index.

Meaning:

What is Economic Development?

Economic Development is programs, policies or activities that seek to improve the economic well-being and quality of life for a community. or

Economic development is defined as an increase in a country's wealth and standard of living. For example, improved productivity, higher literacy rates, and better public education are all consequences of economic development in a country.

Why Economic Development:

However economic development priorities vary, economic development strategies often aim for common, positive results, such as: Creating more jobs and more job variety. Keeping businesses and getting new ones and better welfare of the People.

What is commerce?

Commerce is defined as the exchange of goods and services between two or more entities. It typically involves buying and selling things of value. Commerce can take place between businesses, between consumers, or between businesses and consumers. or

Commerce is the exchange of goods and services between businesses. Commerce is the trade of goods, services, or other things of value between companies or organizations. In a broad sense, governments try to manage trade to make their people happier and healthier by creating jobs and making useful goods and services.

Why Commerce:

Commerce serves as a bridge between local traders and foreign partners by advocating for free trade agreements, reducing tariffs, and providing support services such as market intelligence, logistics coordination, and dispute resolution. In doing so, they help India's export-oriented companies capitalize on global demand while opening up new pathways to prosperity for the country's citizens.

Review of literature:

Heena Tabasum and Dr. S. Venkatesh (2021). Their article entitled 'Role of Commerce Education on Growing India's Economy. This analysed the Commerce education plays a very important role in economic growth. It is one of the keys which lead to success in all sectors of the economy. Commerce education has gained such importance because activities relating to commerce are also affected when the business cycle is going well. Through commerce education, students are exposed to the environment of the business world. It enables the importance of smearing economic ideologies while making business decisions. It makes them aware of social, economic, and political problems. Commerce outfits to the distribution trait of any business. Production must be consumed; there exists a suitable distribution channel to aid this consumption. And that is what commerce does by creating a market for surplus products. It has widened up the global market and has been similarly useful in hastening the practice of exchange in local markets around the globe. It is already established that good commerce plays a tremendous role in the economic development of the country. An attempt is made to analyse the role of commerce education in the growing economy of India.

Statement of the problem:

Economic development is a serious component that initiatives eco-

conomic growth in an economy, creating new job opportunities and facilitating an improved quality of life that includes increased access to opportunities created by economic growth for existing and future residents and more concentrate on the welfare state. Economic Development is a large and complex economy that faces many challenges and opportunities in its quest for growth and development. Commerce plays vital role in economic development. Meanwhile Commerce faced so many problems like as every business has some issues and problems. Major problem is competition, some companies to provide competitive prices and services they get into big losses other issues or problems also there depend on size of business. Commerce concerned on business, economic focused on welfare state.

Objectives of the Paper:

- » To analyse the GDP Growth Rate in India
- » To Point out Economic Development strategies
- » To Analyse the Role of commerce in Economic development

Methodology:

The data required for the study has been collected from secondary sources. From various government reports through website

Analysis of the paper:

Commerce drives economic growth, development and prosperity, promotes regional and international interdependence, fosters cultural exchange, creates jobs, improves people's standard of living by giving them access to a wider variety of goods and services, and encourages innovation and competition for better products. It drives innovation, creates job opportunities, and contributes significantly to the development of nations, playing a pivotal role in improving living standards. How commerce plays an important part in Indian economic development first we know about GDP growth rate of India and development strategies of economy and Role of Commerce in economic Development.

Table–GDP growth Rate in India since 2000–2024 (real) (%)

Sl.No	year	Growth (Real in %)
1	2000	3.84
2	2001	4.82

3	2002	3.80
4	2003	7.86
5	2004	7.92
6	2005	7.92
7	2006	8.06
8	2007	7.66
9	2008	3.08
10	2009	7.86
11	2010	8.49
12	2011	5.24
13	2012	5.45
14	2013	6.38
15	2014	7.41
16	2015	7.99
17	2016	8.17
18	2017	7.16
19	2018	6.98
20	2019	3.9
21	2020	-5.78
22	2021	9.69
23	2022	6.99
24	2023	07.6
25	2024	08.2

Source: The Above table has been collected from public data archives with data from the World Bank:

The above table depicts the GDP growth rate of India during the year 20002 to 2024. Highest growth record in the year 2021(9.69) and lowest in the year 2020 (-5.78). Almost all the years the GDP rate in India fluctuated and steadily increasing.

Objective –2 Economic Development strategies:

Economic development improves the overall standard of living in a community, as measured by indicators such as employment and income. Economic development strategies focus on attracting, creating, and retaining businesses that provide jobs to residents. Economic development priorities vary from economy to economy, economic development strategies often aim for common, positive results, such as:

- » Creating more jobs and additional job variety
- » Keeping businesses and in receipt of new ones
- » A better quality of life
- » More people and businesses paying taxes
- » More creative use of property
- » Encouraging community's assets
- » Production and marketing more local products
- » Getting more skilled workers

Role and Benefits of commerce in Economic development:

The Indian economy has been in global focus since the very start of the 20th century. We are one of the most populous, yet fastest developing nations in the world. Agriculture, manufacturing, trade, and services are driving forces of the economy. The role of commerce in Economic development of India as follows

- » Improvement of standard of living
- » Generation of Employment
- » growth of industrial development
- » Increase in national income
- » Infrastructure development
- » Increase in GDP
- » Increase in international trade
- » Support the agricultural sector

Few important benefits of Commerce in economic development:

- » Commerce tries to satisfy human requirements.
- » Commerce is the best option to increase the standard of living.
- » Commerce builds a connection with producers and consumers.
- » Commerce building employment opportunity.
- » Commerce generates income and wealth for the nation.
- » Commerce also quite helpful in expanding aids for trade.
- » Commerce also encourages industrial development.
- » Commerce promoted international trade.

Finding of the paper:

- » It is found that commerce plays an important role in contributing to Indian economy growth
- » By providing Employment opportunities
- » Commerce helps the Increasing the GDP rate
- » Commerce helps the economy to adopting new development Strategies
- » Highest growth record in the year 2021 (9.69) and lowest in the year 2020 (-5.78).
- » Almost all the years the GDP rate in India fluctuated and steadily increasing.
- » It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP)
- » On a per capita income basis, India ranked 141st by GDP (nominal) and 125th by GDP (PPP)

Suggestion:

Commerce plays an important role in Developed economy less in developing economy. Commerce activities more concentrate on developing and less developing countries

Conclusion:

Finally conclude the paper. Economic development is a long term process it includes almost all the sectors in the economy. Commerce is one part of the economy it concentrates on business and profit but economic development plays an important role in the social welfare of the countries people. Economics and commerce are different disciplines but there is a inter relationship between these two. This first and foremost step is to gather an idea on how India as a country is running itself, providing, producing, and investing. One should follow and note the country's economic status, growth, fall, business, and new aspects. Without the economic aspect of India, one would hardly be able to grasp and conquer the country's philosophy. The Indian economy gives us an idea of the financial framework, market sizes, profits, business motives of the country.

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Conflict of interest:

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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