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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

# A Study on Indian Economy

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**ABSTRACT:** This paper deals with the states of and future prospects for the Indian economy. Despite various challenges, including pre-COVID-19 slowdown and subsequent global economic crisis, India has shown remarkable resilience and potential for growth. The paper discusses the following issues:

**Macroeconomic Performance:** Key discussions will focus on the impact of recent global events on the GDP growth rate and inflation levels in India.

**Structural Reforms:** The paper spreads open the reforms aimed at improving the business environment and foreign investments in India.

**Sector Dynamics:** This includes discussions for trends in the major sectors of information technology, manufacturing, and agriculture. Analysis will throw light on diversification and innovation opportunities.

**Demographic Dividend:** This explores how India's very large youth population could provide an invaluable impetus to economic growth along with challenges like skill set development and employment generation.

**Environmental Sustainability:** The balance of economic development with environmental concerns will be examined, including climate change mitigation strategies.

We conclude on an optimistic note: short-term problems notwithstanding, the long-term prospects for the Indian economy are still bullish. However, priority on a whole range of policy issues, therefore, has to be put in place in the name of sustainable development, investment in human capital, and intervention in order to keep equitable growth alive and perhaps lessen income inequality. Finally, the paper puts up policy recommendations for fostering inclusiveness in a sustainable economic growth pathway for India.

**KEYWORDS:** Indian economy, macroeconomic performance, structural reforms, sector analysis, demographic dividend, environmental sustainability, policy recommendations.

### I. INTRODUCTION

The Indian economy has changed from an almost state-controlled economy to market-oriented reforms and high-speed growth since the last few decades. As the world's seventh-largest economy by nominal GDP, and the third-largest in purchasing power parity, India has become an important player in the global economy.

Some pointers:

- Since 1997, India has realized an average of about 7% annual growth, led by liberalization policies introduced in the early 1990s
- India's development of its services sector is attested to the country becoming an information technology and business process outsourcing powerhouse
- Still, agriculture employs over half the Indian workforce but generates less than one-fifth of GDP
- Other challenges that will have to be solved include inflationary pressures, infrastructural bottlenecks, and income inequalities.



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India's economy is today among the largest and fastest-growing economies of the world. It accounts for the fifth position in nominal GDP and the third position in terms of purchasing power parity (PPP). India has established itself as one of the peerless engines of the global economy.

### II. NEEDS AND SIGNIFICANCE

#### NEEDS

##### 1. Infrastructure Development

The Indian economy is saddled with a myriad of limitations due to inadequate infrastructure 1. The country experiences:

Electricity shortages

Poor road connectivity

Underdeveloped ports and airports

Such limitations increase business costs and hinder domestic and foreign investment.

##### 2. Education and Skills Training

Compared to other countries, India's population has a very low average level of education.

Adults complete less than 5 years of schooling on average

The illiteracy rate is high-52% for women and 27% for men

To enhance productivity and competitiveness, it is essential to enhance education and skills training.

##### 3. Regulatory Reforms

India's business environment is overcrowded with bureaucracy and regulation. There is a need for simple procedures and a reduction of regulatory barriers to minimize costs and attract investment.

##### 4. Rural Development

Despite India's growth, 71% of its population lives in rural areas 1. Reducing rural poverty and raising the standard of living of rural dwellers is key to inclusive development.

#### SIGNIFICANCE

There are several reasons why meeting these needs is of utmost importance:

**Economic Growth Potential:** Improving infrastructure, education, and regulatory frameworks could unlock significant economic potential for faster growth.

**Global Competitiveness:** Enhancing competitiveness would better position India for competing in the global economy, especially in sectors with high value like IT and services.

**Job Creation:** Reducing rural poverty and boosting light-based education per household would revitalize the job pool across the country.

**Human Development:** Investment in education and skills will ensure better human development outcomes and better quality of life for citizens.

**Sustainable Development:** Such focus areas catalyze the United Nations Sustainable Development Goals (SDGs), primarily SDG 9 (Industry, Innovation and Infrastructure) and SDG 4 (Quality Education).

### III. REVIEW OF LITERATURE

- **Mohamed Iliyas, Dr. LOKESH MUNIKUMAR P (2024) INDIAN ECONOMY AND ITS IMPACT** "India is in the development phase of a market economy standing at the fifth position in nominal terms of GDP. The different governments gave different economic policies with varying levels of state intervention and regulation from the time of independence in 1947 till 1991. A large number of events like the Green Revolution, Emergency, Liberalization, Globalization, Privatization, and Demonetization made significant contributions to the Indian economy, bringing it to its present state. India is feeling the crucial phase of economic recession after a long spell of growth of its GDP. That is, 8.2% during 16-17, 7.2% during 17-18, 6.8% during 18-19, and again 4.7% during Q3 19-20. Is this happening very recently? Or is there a recession in India? Issues facing India include illiteracy, poverty, unemployment, and income inequality. It remains very important to grasp changing scenarios within the Indian economy and to better comprehend any short- and long-term implications on the nation's growth and development. Since the late 1980s, the



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Indian economy has transformed from its state of chaos and bureaucratic directives to more open markets dictated by liberalization and globalization.”

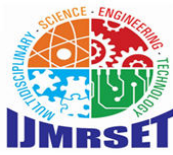
- **Vinod Kumar (2024) Features and Major Issues of Indian Economy** “A look back into the past better equips one to understand the present and build the tomorrow of any nation”. For analysis of the present status and future scenarios, a very brief comment on the historical development of the Indian economy is appropriate. Before the advent of British colonial rule in the middle of the nineteenth century, India's economy was fairly self-sufficient. Estimates based on GDP place 16th Century India at roughly 25% of the world economy. This made it the second largest in the world. But since colonial rule started, the economy of India came to ruin-changing from an exporter of finished goods to becoming merely a provider of raw materials in return for dressed goods.”
- **Yoganandham Govindharaj (2023) IMPACTS OF GLOBALIZATION ON THE WORLD ECONOMY AND THE INDIAN ECONOMY AN ASSESSMENT.** “Globalization is the process that allows for the movement of goods, services, money, and technology across international borders. One of the earliest forms of globalization is the Silk Road, having its roots in ancient trading networks. Global trade and Industrial Revolution commenced with the onset of the Age of Discovery in the 15th century. Globalization is important for trade, alliance, and transferring wealth, ideas, and knowledge. This paper is intended to review based on other sources, social, political, and economic feedbacks of the Indian economy context and the global economy with respect to the impact of the global economy. It is the dual process of accelerated technological progress, transportation, and communications that has given globalization its unrivaled speed for the transformation of the economy, the cross-cultural engagement and traditions, modifying the societal life, and expanding or contracting the foundation for social security.”

### IV. OBJECTIVES OF THE RESEARCH

1. Take a look at economic growth and development trends.
  - The average annual growth in GDP.
  - Agricultural, industrial, and service-sector historical or cumulated growth.
  - A comparison to other developing countries such as China.
2. Look at structural changes in the economy.
  - The shifts in sectoral structure over time (for example, moving from an agriculture-oriented economy to a services-oriented one).
  - Expansion of high-value knowledge-intensive sectors such as IT, telecommunications, or business services.
  - This will be compared with general patterns of industrialization.
  - Impact on employment and labor markets.
3. Determine the future growth opportunities and challenges.
  - Certainly, infrastructural constraints (electricity, transport, etc.)
  - The need for human capital development (educational, skills).
  - Bureaucratic and regulatory limitations.
  - Trade integration and global competitiveness.
  - Development of emerging opportunities such as green technology and digital economy.

### V. SCOPE OF THE STUDY

- Current State of the Indian Economy.
- The GDP growth rate and projections.
- Sizing and ranking among the world economies.
- Key economic indicators (inflation rate, unemployment, etc.)
- Major sectors contributing to GDP (agriculture, industry, services)
- Drivers of Growth.
- Demographics - large population and young workforce.
- IT/technology sector.
- Growth of the services sector.
- Government policies and reforms.



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### VI. RESEARCH METHODOLOGY

#### RESEARCH DESIGN

This study will adopt a mixed-method framework incorporating both quantitative and qualitative research methodologies.

#### QUANTITATIVE ANALYSIS:

Use of time-series data on key economic parameters from sources like the World Bank's World Development Indicators.

Comparative analysis of India's economic performance with that of the other leading emerging economies like China.

Statistical analysis of the sectoral growth rate structural adjustment of the economy.

#### QUALITATIVE JUDGMENT:

Review of policy documents and government reports outlining economic strategies and reforms.

Analyzing institutional factors influencing the business environment and investment climate.

Examination of trends in human capital development and education.

#### SOURCES OF DATA

- Areas of collecting primary data:
  - World Bank's World Development Indicators database
  - National Bank of India publications
  - Reports of the Ministry of Finance
  - International Monetary Fund data
- Areas of collecting secondary data:
  - Academic papers and research study on the Indian economy
  - Reports from international organizations like UNDP, the World Bank, IMF
  - Business publications and Economic journals
  - Methodology for Key Sections
  - Economic growth assessment:
    - To assess overall performance by using GDP growth over various time frames.

#### IDENTIFYING CHALLENGES:

- Assess the status of trends in infrastructure development.
- Evaluate literacy rates and years of schooling, human capital indicators.
- Analyze business environment factors like red tape and regulation.

#### DATA ANALYZING TECHNIQUES

Time series: To identify the trends and cyclical patterns over the long term of the variables under inquiry.

Cross-sectional analysis: Analyzing comparisons of India with different countries or economies at different levels of development.

Regression analysis: For testing the relationship between sets of independent variables.

Content analysis: For qualitative judgment on policies and institutional factors.

#### TYPES OF DATA COLLECTION

**Primary Data:** primary data are those which were collected a fresh & for the first time and thus happen to be original in character.

- Questionnaire

**Secondary Data:** Secondary data is collected from previous research and literature to fill in the respective project. The secondary data was collected through:

- Articles
- Websites



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- Books

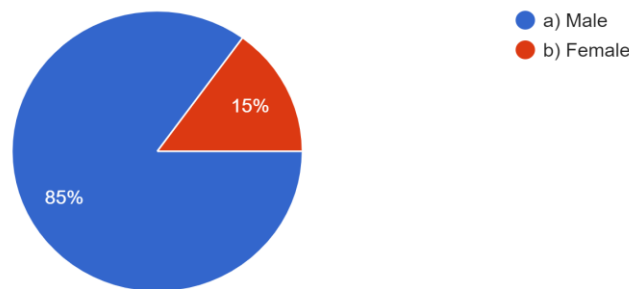
**Sample Size: 60-65 (customers)**

Analysis Technique: Random Sampling and Questionnaire technique selected by researcher to collect the data from the respondent.

### VII. DATA ANALYSIS & INTERPRETATION

- Gender

1. Gender:  
60 responses



Response	Frequency	Percentage
Male	51	85
Female	9	15
Total	60	100

#### DATA ANALYSIS:

From the above graph and table, it is observed that out of 60 responses, 51 respondent is from Male with 85%, 9 respondents are from Female with 15%,

#### INTERPRETATION:

It is observed the most of the highest respondents are in the male and the last number of respondents belong to the Female



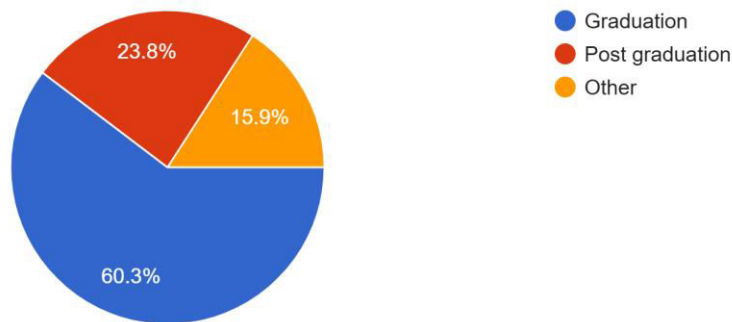
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- Qualification

### QUALIFICATION

63 responses



Response	Frequency	Percentage
Graduation	38	60.3
Post graduation	15	23.8
Other	10	15.9
<b>Total</b>	<b>63</b>	<b>100</b>

### DATA ANALYSIS:

From the above graph and table, it is overserved that out of 63 responses, 15 respondents are post-graduation with 23.8%, 38 respondents are graduation with 60.3%, 10 respondents are Other qualification with 15.9%.

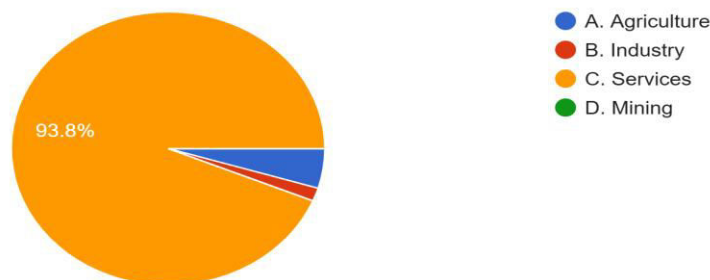
### INTERPRETATION:

It is observed that most of the respondents are graduated and the least number of respondents are those who has post - graduation

- Which sector contributes the highest to India’s Gross Domestic Products (GDP)?

Which sector contributes the highest to India's Gross Domestic Product (GDP)?

64 responses





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Response	Frequency	Percentage
Agriculture	3	4.7
Industry	1	1.6
Services	60	93.8
Mining	0	0
Total	64	100

**DATA ANALYSIS:**

From the above graph and table, it is overserved that out of 64 responses, 3 respondents are Agriculture with 4.7%, 1 respondent are Industry with 1.6%, 60 respondents are Services with 93.8%. 0 respondents are Mining with 0%.

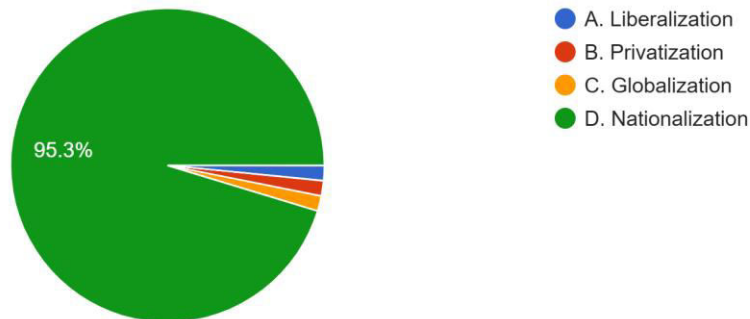
**INTERPRETATION:**

It is observed that most of the respondents are Services and the least number respondents are those who has Mining.

- Which of the following is not a feature of the new economic policy (1991)?

Which of the following is NOT a feature of the New Economic Policy (1991)?

64 responses



Response	Frequency	Percentage
Liberalization	1	1.6
Privatization	1	1.6
Globalization	1	1.6
Nationalization	61	95.3
Total	64	100

**DATA ANALYSIS:**

From the above graph and table, it is overserved that out of 64 responses, 1 respondent are Liberalization with 1.6%, 1 respondent are Privatization with 1.6%, 1 respondent are Globalization with 1.6%. 61 respondents are Nationalization with 95.3%.

**INTERPRETATION:**

It is observed that most of the respondents are Nationalization and the least number respondents are those who has Privatization, Liberalization, Globalization.





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### VIII. LIMITATION OF RESEARCH

The study was carried out within the stated parameters. The research was limited.

- This study is based on the information provided by the respondents.
- Availability and Quality of Data: One major constraint in this analysis was the availability or quality of the data, especially concerning certain sectors or time periods. There are a number of issues to address here, namely, the fact that certain economic indicators are subject to revisions and the status of some not granting great reliability. Also, the quality of reports by governments varies with the standard of political stability or bureaucratic efficiency.
- Methodological Limitations: There exist some limitations in employing this methodology on the Indian economy itself. For instance, it may not be adequate to view the growth rate of GDP as a significant parameter of economic development, considering issues such as income inequality and environmental decay. Due to lack of data support, HDI or GPI could not be worked upon in this respect.
- Sectoral Focus: The study in this context could be better viewed as an effort directed at the major sectors of the Indian economy, without due consideration to small or niche industries. This focus could result in an incomplete picture of the overall economic reality.
- Temporal Range: Economic cycles or major policy changes might not have been fully captured in the research phase. Consequently, transient fluctuations could be overstated at the cost of long-lasting trends.
- External Factors: While global economic conditions and international trade policy were evaluated, their impact on the Indian economy may have been underestimated as a result of complicated interdependent global markets.

### IX. CONCLUSION

India was classified as a lower-middle-income nation in 2017, having a per capita income of almost \$2,000 (PPP-adjusted). While poverty persisted for many, India was not one of the countries in the poor condition. Since independence in 1947, the economy has seen much development and the shaky growth of the economy had changed into a decent growing [5% per annum] in the Interim years in the second half of the 1970s.

Some Significant Points:

- High growth is what most people remembered about India. Growth picked up after structural adjustments in 1991 with sustained periods of high growth ranging above 67 and 8 percent for a good number of years.
- However, certain slowdowns began to characterize growth in the recent years, especially in the manufacturing sector: the growth rate would drop from 8 percent to just 0.2 percent between 2012 and 2014.
- Private corporate investment rates fell moderately from 11.6 percent to 9.2 percent of GDP, whilst public investment maintained its position at around 8 percent.
- Major policy changes like demonetization in 2020 had huge ramifications for the informal sector and the forces that worked in sunder.

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