



AN ASSESSMENT OF THE ECONOMIC GROWTH IN MODI ERA

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ABSTRACT

Abki Baar....Modi Sarkar....!!!! The Naara of the Era...belonged to none other than our charismatic and dynamic Neta: Shri Narendra Modi. The nation awaited his reign on the throne of the political kingdom in 2014. It was the time where he left any icon or superstar behind and became the heart throb of millions of common men of the nation.

Since taking office as Prime Minister, Modi's administration has focused on reforming and modernising India's infrastructure and government, reducing bureaucracy, encouraging increased foreign direct investment, improving national standards of health and sanitation and improving foreign relations. Earlier, as Chief Minister of Gujarat, Modi's economic policies (credited with encouraging economic growth in Gujarat) have been praised too.

Narendra Modi, the present Prime Minister, swept into power in 2014 and laid the foundation of a complete new era of the Indian economy and civilization with aims to reboot the lethargic economy, control and stamp out the widespread corruption from the country and increase foreign investment by simplifying the complex regulatory regime.

The Modi government has entered successfully and confidently into its third year of governance. There are some parameters of economic growth where the country has successfully overcome all the barriers and progressed. But certain sections have remained untouched and some problems are unsolved. This paper is an attempt to analyze the achievement of the government with the help of some economic and non economic parameters.

Key words: GDP, Inflation, Economic Growth, FDI, The Modi Government

Introduction-

Narendra Modi, the present Prime Minister, swept into power in 2014 with a complete majority. A new history was written for the country because for the first time a non congress party not only occupied complete majority but gave a complete swipe to an established party and government since independence of the country. It was also beginning of a new era which ended coalition government and its inbuilt constraints. The whole world in general and the country in particular was eager to experience the working of Modi government. Suddenly the country was encompassed with positivism, energy, patriotism, willing to perform etc. The Indian citizens especially the youth of the country was eager to follow its charismatic national leader who did not have any so called historical or a family background. He is a self made man and hence the young India could gel with him and his policies easily. To begin with the government had three main aims:

- Reboot the lethargic economy
- Control and stamp out the widespread corruption from the country
- Increase foreign investment by simplifying the complex regulatory regime.

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Need & Significance of the Study:

First and foremost goal of any nation is its healthy survival in the global scenario. Growth and development are two other important and imperative aspects of any economy. All the three aspects can be well achieved if the control and management of the economy of any nation is in capable hands. Honorable Prime Minister Mr. Modi had proved his worth as a Chief Minister of Gujarat by entirely transforming the state and putting it on the map of the country for its remarkable journey of growth and development. Since his reign as the Prime Minister of the country major reforms have taken place to enhance the life of every individual associated with the economy directly or indirectly. A lot of changes in terms of growth, development and prosperity have been witnessed. This research is an attempt to study these reforms and their impact on the Indian economy which will surely pave out the way for future reforms, economic growth and development of the nation.

Objectives :

- **To analyse the changes in indicators of economic growth since the reign of Modi Government**
- **To study the various economic reforms implemented by the Modi Government.**

Research methodology:

The data for the purpose of the study has been collected from secondary sources. Indian Government websites, World Bank Reports and Website, magazines, articles and other online secondary sources have been referred for data.

Data Analysis:

Analysis of economic growth in the last two years

In last two years, some positive economic changes have encompassed Indian economy. The country has improved in key economic indicators like

- Human Development Index (HDI) which has improved to 130 in 2016 from 134 in 2014. (HDI REPORT 2016)
- Economic growth rate where country has surpassed China to become fastest growing country in the world.

To bring higher quantitative changes, the government has focused on the key indicators of economic growth like improvement in GDP, controlling the inflation rate, increasing foreign direct investment and so on. But to sustain economic growth and to bring in economic development, socio economic and political changes are essential. The government has focused on these changes as well and is thus preparing for a sustained and long term growth and development.

Some noteworthy economic changes are as under:

- 1) **Gross Domestic Product:** As rightly said, India has proved itself to be an Asian Tiger. India has ended the monopoly of China as the fastest growing country by expanding its GDP to 7.6% in the fiscal year 2015. The table below gives half yearly GDP growth in the economy in the last 2 years.
- 2)

Table 1: GDP annual growth in India (Half Yearly)

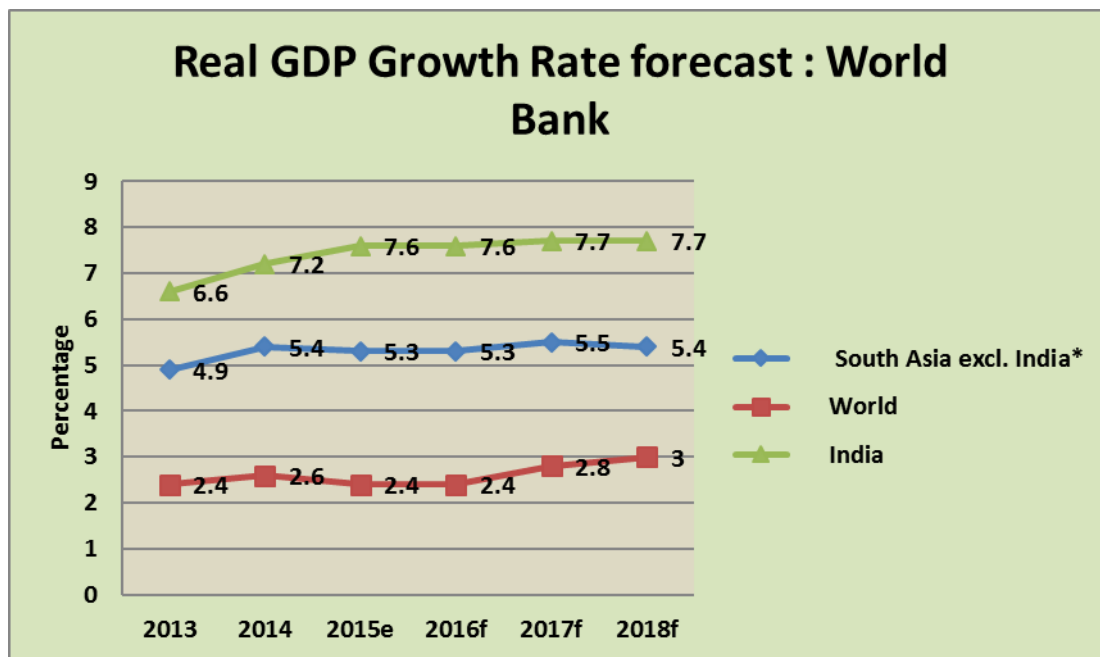
Previous Government (2013-14)	
July	7.5%
January	6.7%
Modi Government (2014-16)	
July 2014	8.4%
January 2015	7.5%
July 2015	7.6%
January 2016	7.9%

July 2016	7.5%
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(Asian Development Outlook, 2016)

Average growth rate of the country in last two years has been 7.5%. India is the fastest growing country in the world and is going to remain the one according to the forecast by the World Bank.

The World Bank’s forecast of the growth rate of India, World and South Asia is given in the graph and it clearly reflects the domination of India in economic growth in near future.



Thus, the government has been successful in achieving its first objective of rebooting the economy.

- 3) **Inflation rate:** The present government has been successful in controlling the general prices of goods and services. The inflation rate in last two years have reduced due to slumping oil prices and control of consumer price index.

The table below shows the inflation rate of the economy in the last five years.

Table 2: Inflation rate of the economy

Year	Inflation rate in %
2011	8.87
2012	9.30
2013	10.92

2014	6.37
2015	5.88
2016(Ist half)	5.7

(Source: Worldwide Inflation data)

On the basis of the above table we can conclude that in last two years the government has been able to reduce the inflation rate by nearly 50% in the economy. An exception to this is the recent time where there is a slight increase in the rate due to increase in the prices of agricultural goods.

4) **Foreign Direct Investment (FDI)** : Modi has opened some of the sectors like railways and defence. This has resulted in record growth in the FDI in 2015. The following table shows total FDI growth in India

Table 3 : Total FDI flow into India and %age growth in US dollars.

Year	FDI Flow in US Dollar Mn	%age growth
2013-14	36,046	5
2014-15	45,148	25
2015-16	55,457	23

(FDI factsheet, Dept of Industrial policy and promotion)

The main aim of the government is to attract and promote FDI to supplement domestic capital, skills and technology and to accelerate the economic growth rate. The government has focused on transparent, predictable and easily comprehensible FDI policy. This has also affected the foreign exchange reserves of the country which has increased from 320 million dollars in March 2014 to 363 million 2016 million dollars. Besides, these changes in the economic indicators, Modi government has focused on socio-political changes also:

- Cut in the red tapism or corruption
 - Greater transparency in the foreign investment and flow of funds.
 - Special efforts to outreach global leaders
 - Initiation of various programmess for rural and urban, skilled and unskilled population.
- ❖ Make In India, Start Up India, MNREGA which has increased the employment opportunities of young India.
 - ❖ Special programs initiated for poor and to ensure economic inequality like Pradhan Mantri Jan Dhan Yojana, Mudra Bank Yojana, Atal Pension Scheme, Kisan Vikas Patra re-launched in 2014.

- ❖ Some programmes are initiated for agricultural and rural development like Krishi Ambani Bima Yojana, Pradhan Mantri Gram Sinchai Yojana, Soil Health Card Scheme and so on.
- ❖ Programmes for Electrification of Indian villages have been initiated like Deen Dayal Upadhyay Gram Jyoti Yojana, gram jyoti yojana. Government is aiming for 100% electrification of villages by 2018.
- ❖ Gender equality drive has been initiated by program like Beti Bachhao Beti Padhao
- ❖ Jan Dhan Yojana has extended banking habits amongst poor, illiterate masses of the country
- ❖ Social programmes like Swachh Bharat Abhiyan, Bal swachh Abhiyan , Digital India etc are giving solution to some root Indian social and economic problems.
- ❖ Some of the sectors like road building, railways have been expanded fast leading to infrastructural development.

Conclusions and recommendations

In the previous part, the authors have highlighted the various socio economic initiatives undertaken by the government in the last two years.

By these changes we conclude the following,

- India has surpassed China and has become highest growing economy in the world. According to the ADB chief economist Shang Jin Wei, India will remain the fastest growing large economy in the near term.
- Country's international repute has increased and its ranking has improved according to the World Bank's Ease of Doing Business Index.
- Investment opportunities have increased in being proved as more business executives are choosing investment destination as India over China as confirmed by the well known company Ernst and Young.
- The main aim of Modi to convert India into a manufacturing Hub has attracted around \$400 billion overseas investment commitments. These commitments are coming from all over the globe like Japan, USA, UK, China, Holland etc.
- The recent success of Modi in convincing most of the NSG countries for India's entry shows the governments increasing political influence internationally.
- The Wall Street Journal has compared India in 2014 and 2016 focusing on the positive changes in all the economic indicators except exports

Indian economic Performance: A comparison.

Table 4: Economic Indicators

March 2014	Economic Indicators	March 2016
6.60%	GDP Growth	7.6%
9.46%	Average consumer inflation	4.91%
-0.10%	Industrial production growth	2.40%
4.20%	Foreign exchange reserve growth	5.40%
4.40%	Fiscal deficit as the %age of GDP	3.90%
4.00%	Exports	-15.91%

The Wall Street Journal: 2016.

The only indicator where the government has failed is the exports. In last two years exports have decreased due to external disturbances like:

- Slow down of advanced countries like USA (1.4%), Germany (0.3%), UK (0.4%) etc.
- Lower commodity prices in major trading partners of the country have lowered export earning of the country.
- Weak currency in external economy, especially in trading countries have reduced merchandise exports drastically.

In other words, the country is growing because of its healthy domestic dynamics but the external environment is highly unfavorable.

To conclude, India's economic growth has picked up, new promising international initiatives are being launched and international investors finally opting India as their investment destination. But growth is a continuous process, the country can achieve higher growth rate and dreams of millions of Indians including PM Narendra Modi if,

- Country focuses on increasing its export earnings by diversifying export products and increasing its trading partners.
- Focus on banking sector especially control of bad loans in nationalized banks, solution to problems like NPA in the banks.
- Control of extreme religious groups in the country to maintain the social and religious harmony in the country.

But as said, well begun is half done. Modi and his team have done a good job. He has come with only one motto and that is service to the country and good of Indians. The long yearning of Indians for a leader who can lead from front has ended and the only thought that comes to our mind as academicians and Indians is, 'Modiji aap Aage Badho. Hum Aapke Saath Hain'.

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