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## AN ANALYTICAL STUDY ON THE DRIVERS OF ECONOMIC GROWTH IN INDIA: POST-LIBERALIZATION EXPERIENCE

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### ABSTRACT

This research article examines the growth pattern of the Indian economy during the post-liberalization period by analyzing GDP growth trends from 1990–91 to 2023–24. The main objective of the study is to understand the changes in India's economic performance after the economic reforms introduced in 1991. The study uses secondary data collected from reliable sources such as the World Bank, Reserve Bank of India, and Ministry of Statistics and Programme Implementation. Graphical tools such as line charts, pie charts, and bar charts are used to analyze and interpret the data. The analysis shows that India has experienced steady economic growth over the past three decades, although there have been fluctuations due to global economic crises and domestic challenges. The study also highlights the significant impact of the COVID-19 pandemic, which caused a temporary decline in economic growth in 2020–21, followed by a strong recovery in subsequent years. The findings suggest that economic reforms, increased investment, expansion of the services sector, and globalization have played a key role in supporting India's economic development. The study concludes that continued policy support, infrastructure development, and investment in human capital will be important for ensuring sustainable and inclusive economic growth in the future.

**KEYWORDS:** Economic Growth, GDP, Liberalization, Indian Economy, Economic Reforms.

### INTRODUCTION

Economic growth is one of the most important indicators of a country's development and overall economic health. It shows how much the production of goods and services in an economy increases over time. For a developing country like India, economic growth is

extremely important because it helps improve people's living standards, create employment opportunities, reduce poverty, and strengthen the overall economy.

India's economic journey has gone through many changes over the past few decades. Before 1991, the Indian economy followed a highly regulated system where the government controlled many industries and economic activities. This system limited private sector participation and foreign investment. As a result, the economy grew at a relatively slow pace compared to other developing nations.

A major turning point came in 1991 when India faced a serious balance of payments crisis. To overcome this situation, the government introduced a series of economic reforms known as liberalization, privatization, and globalization (LPG reforms). These reforms reduced government control, encouraged private investment, opened the economy to international trade, and allowed foreign companies to invest in India.

After the introduction of these reforms, India's economy began to grow at a faster rate. New opportunities were created in various sectors such as information technology, telecommunications, banking, and manufacturing. The service sector in particular expanded rapidly and became one of the main contributors to India's GDP.

Several factors have contributed to India's economic growth in the post-reform period. These include increasing investment, development of infrastructure, growth in exports, technological advancements, and higher levels of education and skills among the workforce. Foreign Direct Investment (FDI) has also played an important role by bringing capital, technology, and managerial expertise into the country.

However, despite this progress, India still faces many economic challenges. Problems such as unemployment, income inequality, regional disparities, and inflation continue to affect the economy. In addition, global economic uncertainties and events such as financial crises or pandemics can also impact growth.

Therefore, it becomes important to study the factors that influence economic growth in India and understand how different economic variables contribute to the country's development. This research aims to analyze the major drivers of economic growth in India using available data and economic indicators. The study focuses on examining the role of investment, exports, government expenditure, and inflation in shaping India's economic performance.

## Literature Review

1. Many economists and researchers have studied the factors that influence economic growth, especially in developing countries like India. Over time, different theories and empirical studies have tried to explain how various economic, social, and institutional factors contribute to growth.
2. One of the important contributions to economic growth theory was made by **Robert J. Barro**, who highlighted the role of human capital in promoting long-term economic development. According to his research, countries that invest more in education, training, and skill development tend to achieve higher productivity and faster economic growth. In the case of India, improvements in education and skill development have helped sectors such as information technology and services grow rapidly.
3. Another important perspective was provided by **Anne O. Krueger**, who emphasized the importance of trade liberalization for economic growth. Her research suggested that reducing trade barriers and encouraging international trade allows countries to specialize in areas where they have a comparative advantage. After India introduced economic reforms in 1991, trade policies became more open, which helped increase exports and integrate the Indian economy with global markets.
4. Studies conducted by **Eduardo Borensztein**, **José De Gregorio**, and **Jong-Wha Lee** examined the relationship between Foreign Direct Investment (FDI) and economic growth. Their findings indicated that FDI plays an important role in economic development because it brings new technologies, better management practices, and additional capital into developing economies. In India, foreign investment has contributed significantly to the growth of industries such as telecommunications, automobiles, and information technology.
5. Infrastructure development is another factor that has been widely discussed in economic literature. **David Alan Aschauer** argued that government investment in infrastructure such as roads, electricity, and communication systems improves productivity and supports economic expansion. In India, large investments in infrastructure projects have helped improve connectivity and promote industrial growth.
6. The theoretical foundation of modern economic growth analysis can also be traced back to the work of **Robert M. Solow**. His growth model emphasized the importance of capital accumulation, technological progress, and labor productivity in determining long-term economic growth. According to this model, increased investment in machinery, infrastructure, and technology leads to higher production capacity and economic

development.

7. Several studies focusing specifically on India have also examined the impact of economic reforms on growth. Researchers generally agree that the economic liberalization policies introduced in 1991 helped increase efficiency, encourage private sector participation, and attract foreign investment. These changes contributed significantly to India's faster growth in the decades that followed.
8. However, some researchers have also pointed out certain challenges associated with India's growth pattern. While the services sector has expanded rapidly, the manufacturing sector has not grown at the same pace. In addition, agriculture still employs a large share of the workforce even though its contribution to GDP has declined over time.
9. Overall, the existing literature suggests that economic growth in India is influenced by several interconnected factors, including human capital development, investment, trade openness, infrastructure development, and supportive government policies.

### **Research Gap**

Although many researchers and economists have studied economic growth in India, some important areas still require further examination. Existing studies provide valuable insights into the factors influencing growth, but they also leave certain gaps that need to be addressed. First, many previous studies focus on individual factors such as investment, trade, or foreign direct investment separately. However, economic growth is influenced by several interconnected variables that work together. A more comprehensive approach is required to understand how these different factors collectively contribute to the growth of the Indian economy.

Second, a large number of studies rely heavily on complex econometric models and statistical techniques. While these methods provide detailed quantitative results, they sometimes make it difficult for readers to clearly understand the broader economic trends and patterns. Therefore, there is a need for studies that combine data analysis with clear interpretation of economic indicators.

Third, several research papers concentrate mainly on specific sectors such as manufacturing or services. However, economic growth in India is influenced by the combined performance of multiple sectors including agriculture, industry, and services. A broader analysis that considers the overall structure of the economy can provide better insights into the country's development process.

Another gap in the existing literature is related to recent economic events and structural changes. The global economy has experienced significant disruptions in recent years, including financial crises and the COVID-19 pandemic. These events have affected economic growth patterns across many countries, including India. However, many earlier studies were conducted before these developments and therefore do not fully reflect the current economic environment.

Finally, there is also a need to better understand how policy measures, government expenditure, and investment patterns influence economic growth over time. Studying these aspects can help policymakers design more effective strategies for sustainable development. Therefore, this study attempts to fill these gaps by examining the major drivers of economic growth in India using secondary data and descriptive analysis. The research focuses on understanding the relationship between key economic variables such as investment, exports, government spending, and inflation in order to provide a clearer picture of India's economic growth pattern.

### **Data Collection**

The present study is mainly based on secondary data, which has been collected from reliable and publicly available sources. Secondary data refers to information that has already been collected, analyzed, and published by government institutions, international organizations, and research agencies. Using secondary data helps researchers analyze economic trends and patterns without conducting primary surveys or interviews.

For this research, several official reports and databases were used to gather information related to economic growth indicators in India. Important government publications such as the Economic Survey of India and Union Budget documents were referred to in order to understand the overall economic performance, policy changes, and government expenditure patterns.

Statistical data on Gross Domestic Product (GDP), sectoral contribution, and other macroeconomic indicators were collected from the Ministry of Statistics and Programme Implementation, which is the official government body responsible for publishing national statistical data.

Data source link: <https://www.mospi.gov.in>

Financial and monetary indicators such as inflation, interest rates, and investment trends were obtained from reports published by the **Reserve Bank of India**. The Reserve Bank regularly publishes economic reports and statistical data that are widely used in academic research. Data source link: <https://www.rbi.org.in>

International economic statistics and development indicators were collected from the **World Bank** database. The World Bank provides globally recognized data on GDP growth, investment, and economic development indicators for many countries including India. Data source link: <https://data.worldbank.org>

Additional global economic data and macroeconomic indicators were also referred from the **International Monetary Fund** database. IMF reports provide valuable insights into global economic trends and economic forecasts.

Data source link: <https://www.imf.org/en/Data>

Apart from these sources, several academic journals, published research papers, and economic studies were also reviewed to support the analysis and interpretation of the collected data.

The study mainly focuses on important economic variables such as GDP growth rate, sectoral contribution to GDP, export performance, investment levels, government expenditure, and inflation rates. Most of the data used in this research relates to the **post-1991 liberalization period**, which represents a significant phase of economic transformation in India.

By using reliable secondary data from government and international institutions, the study ensures that the analysis is based on authentic and credible information.

### **Objectives of the Research**

1. To analyze the trend of economic growth in India after liberalization.
2. To examine the role of key factors such as investment, exports, and government expenditure.
3. To study the impact of globalization on India's economic development.
4. To evaluate fluctuations in GDP growth over different years.

### **Research Methods**

The present study adopts a descriptive and analytical research design to examine the drivers of economic growth in India during the post-liberalization period. The objective of the research is to analyze how different economic factors such as GDP growth, sectoral contribution, investment, exports, and inflation influence the overall growth of the Indian

economy.

## Research Design

The study uses a descriptive research approach to present trends and patterns in economic indicators over time. This method helps in explaining the overall growth pattern of the Indian economy after the economic reforms of 1991.

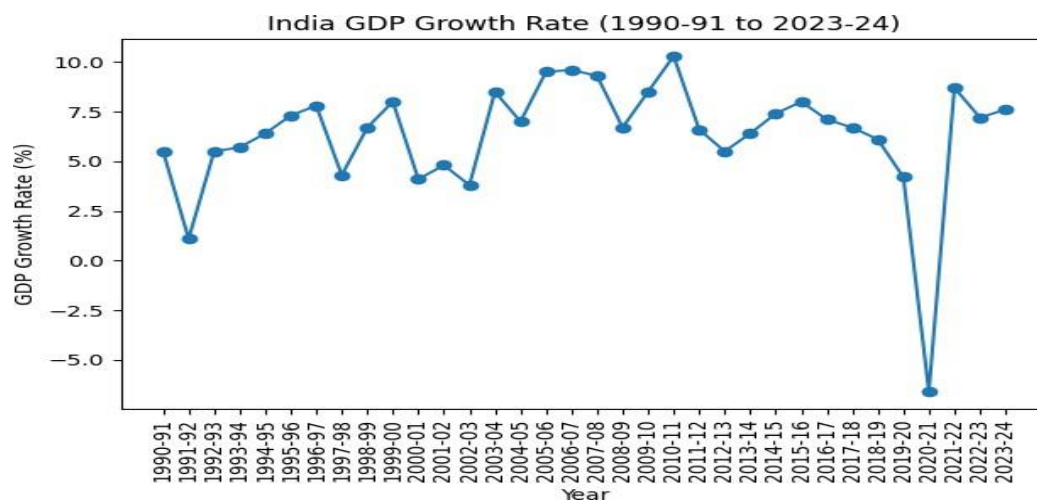
In addition, an analytical research approach is used to interpret the relationship between economic growth and key macroeconomic variables such as investment, exports, government expenditure, and inflation.

## Data Analysis Tools

To make the research more understandable and visually clear, several graphical and statistical tools have been used. These include:

### 1. Line Graph

A **line graph** is used to show the trend of India's GDP growth rate over different years. This helps in understanding how economic growth has changed over time and how it was affected by major economic events such as financial crises or the COVID-19 pandemic.

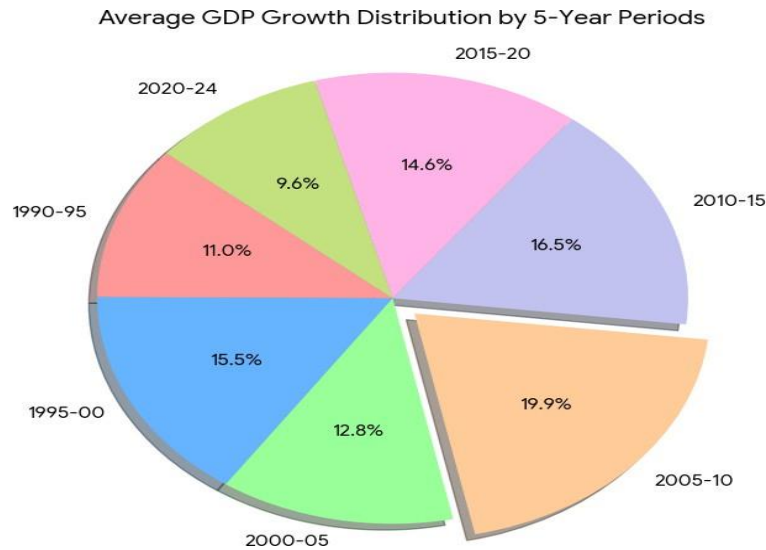


## Data Sources

- <https://data.worldbank.org>
- Reserve Bank of India – <https://www.rbi.org.in>
- Ministry of Statistics and Programme Implementation – <https://www.mospi.gov.in>

## 2. Pie Chart

A **pie chart** is used to represent the sectoral contribution to India's GDP. This allows us to understand the relative importance of different sectors in the economy.



### Summary of the "Era" Averages:

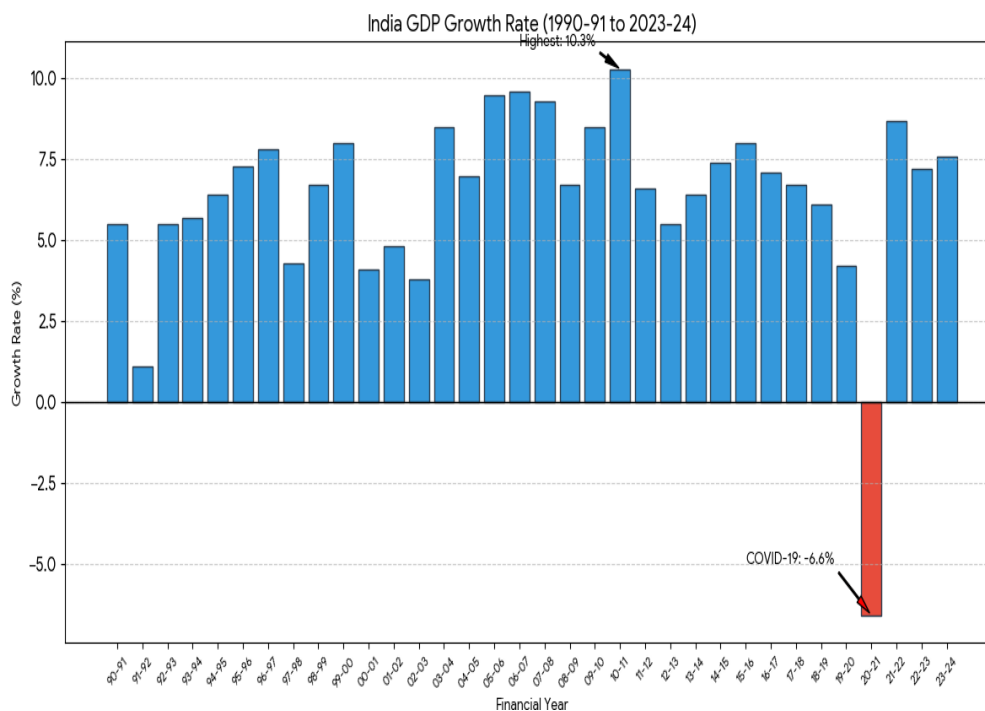
Period	Avg. Growth Rate	Economic Context
2005–2010	8.7%	Peak performance period.
2010–2015	7.2%	High growth despite global fluctuations.
2020–2024	4.2%	Impacted by the pandemic contraction, but recovering.

### Data Sources

- World Bank – <https://data.worldbank.org>
- Reserve Bank of India – <https://www.rbi.org.in>
- Ministry of Statistics and Programme Implementation – <https://www.mospi.gov.in>

## 3. Bar Chart

A **bar chart** is used to compare India's export performance over different years. This type of chart helps in clearly comparing the growth in exports over time.



**Source:**

**World Bank Database** <https://data.worldbank.org> **Reserve Bank of India** <https://www.rbi.org.in>

**Key Observations:**

- **Peak Growth:** The highest growth rate recorded in this dataset was **10.3%** during the 2010–11 period.
- **Significant Contraction:** A sharp decline to **-6.6%** occurred in 2020–21, largely attributed to the global COVID-19 pandemic.
- **Recovery:** The economy showed a strong rebound immediately after the contraction, reaching **8.7%** in 2021–22.
- **Recent Stability:** The latest estimates for 2023–24 show steady growth at **7.6%**.

**Analysis of Data**

The analysis of data in this study focuses on understanding the trend and pattern of India’s economic growth during the post-liberalization period. Various graphical tools such as line charts, bar charts, and pie charts have been used to interpret the collected data and present it in a clear and simple manner.

## 1. GDP Growth Trend Analysis (Line Chart)

The line chart showing India's GDP growth rate from 1990–91 to 2023–24 highlights the fluctuations in economic growth over time. During the early 1990s, India experienced slower growth due to the balance of payments crisis. However, after the economic reforms introduced in 1991, the economy started showing steady improvement.

From the mid-1990s to the late 2000s, India experienced strong economic growth, with several years recording growth rates above 7%. One of the highest growth rates was observed around **2010–11**, when the GDP growth rate crossed 10%, indicating strong economic performance and expansion in several sectors.

However, economic growth slowed down during certain periods due to global economic uncertainties and domestic challenges. The most significant decline occurred in **2020–21**, when the GDP growth rate dropped to around –6.6% because of the COVID-19 pandemic, which disrupted production, trade, and employment across the country.

After this contraction, the Indian economy showed a strong recovery. In the years **2021–22 and 2022–23**, the growth rate increased significantly, indicating economic resilience and recovery from the pandemic shock.

## 2. Distribution of GDP Growth (Pie Chart)

The pie chart represents the distribution of GDP growth rates across different years. This graphical representation helps in understanding how different periods contributed to the overall economic performance of the country.

The chart shows that most years recorded moderate to high economic growth, generally ranging between 5% and 9%. This indicates that India has maintained relatively stable economic growth over the long term.

However, certain years show lower growth rates due to economic slowdowns or external shocks. For example, the pandemic year **2020–21** stands out as a period of economic contraction.

Overall, the pie chart highlights that despite short-term fluctuations, India has maintained a consistent pattern of positive economic growth over the past three decades.

### 3. Comparison of GDP Growth by Year (Bar Chart)

The bar chart provides a clear comparison of GDP growth rates across different years. Each bar represents the growth rate for a particular year, allowing easy comparison between periods of high and low economic performance.

From the chart, it can be observed that India experienced strong growth during the mid-2000s, particularly between 2005 and 2008, when growth rates remained above 9%. This period was marked by increased investment, expansion of the services sector, and higher global trade.

On the other hand, some years recorded relatively lower growth rates, such as 1991–92, 2002–03, and 2019–20, mainly due to economic adjustments, global slowdowns, or domestic challenges.

The sharp decline in 2020–21 is clearly visible in the bar chart, reflecting the severe economic impact of the pandemic. However, the subsequent years show a strong recovery, demonstrating the resilience of the Indian economy.

### FINDINGS

Based on the analysis of the collected data and graphical representations such as the line chart, pie chart, and bar chart, several important findings can be identified regarding the economic growth of India during the post-liberalization period.

First, the study shows that India has experienced steady economic growth since the economic reforms of 1991. The liberalization policies helped open the Indian economy to global markets, encouraged private investment, and improved overall economic efficiency. As a result, the country witnessed a gradual improvement in GDP growth over the years.

Second, the analysis indicates that the mid-2000s were a period of high economic growth for India. During this time, the GDP growth rate remained above 8–9 percent for several consecutive years. This growth was supported by increased foreign investment, expansion of the services sector, and improved global trade opportunities.

Third, the data reveals that economic growth in India has not always been stable and has experienced periodic fluctuations. Certain years recorded lower growth rates due to economic challenges such as global financial crises, domestic policy adjustments, and other economic uncertainties.

Another significant finding is the impact of the COVID-19 pandemic on the Indian economy. In the financial year 2020–21, India recorded a negative GDP growth rate, indicating an

economic contraction. The pandemic caused disruptions in production, trade, transportation, and employment, which affected overall economic activity.

However, the analysis also highlights the strong recovery of the Indian economy after the pandemic. In the years following 2020–21, the GDP growth rate increased again, reflecting economic resilience and recovery through government policies, increased economic activity, and improvement in global demand.

The study also suggests that economic reforms, investment, and global integration have played a major role in supporting India's long-term growth. The services sector, in particular, has contributed significantly to economic expansion.

## CONCLUSION

The present study analyzed the growth pattern of the Indian economy during the post-liberalization period by examining GDP growth trends and related economic indicators. The analysis was carried out using secondary data and graphical tools such as line charts, pie charts, and bar charts to better understand the changes in economic performance over time.

The findings of the study indicate that the economic reforms introduced in 1991 played a significant role in transforming the Indian economy. Liberalization policies encouraged private sector participation, increased foreign investment, and improved trade relations with other countries. These reforms helped India move toward a more open and competitive economic system.

Over the past three decades, India has experienced consistent economic growth, although the growth rate has fluctuated in different years due to both domestic and global factors. The mid- 2000s were particularly strong years for the Indian economy, with high GDP growth supported by increased investment, expansion of the services sector, and favorable global economic conditions.

The study also highlights the vulnerability of economic growth to unexpected events. The COVID-19 pandemic caused a significant economic slowdown in 2020–21, resulting in negative GDP growth. However, the Indian economy demonstrated strong resilience and recovered quickly in the following years as economic activities resumed and government policies supported recovery.

Overall, the analysis shows that India has maintained a positive long-term growth trend

despite facing various economic challenges. Factors such as economic reforms, investment, technological development, and globalization have played important roles in shaping India's growth trajectory.

Therefore, sustained policy support, investment in infrastructure and human capital, and balanced development across sectors will be essential to ensure stable and sustainable economic growth in the future

## SUGGESTIONS

1. The government should increase investment in infrastructure such as transportation, energy, and digital networks to support economic development.
2. More focus should be given to strengthening the manufacturing sector to create employment opportunities and increase exports.
3. Education and skill development programs should be expanded to improve the productivity and capability of the workforce.
4. Policies should promote balanced regional development to reduce economic disparities among different states.
5. The government should continue to encourage foreign direct investment and international trade to boost economic growth.

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