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Macroeconomic Policies- Are They Really Making a Difference in India?

Smera
smeratm@gmail.com
B.D. Somani International School, Mumbai, Maharashtra

ABSTRACT

The behaviour of extremely large economic aggregates, their linkages, and the factors that influence them such as national investment and savings, imports and exports, the balance of foreign payments, and gross national and domestic product are all studied in macroeconomics, and macroeconomic policies address these variables. Over time, India's macroeconomic policies have changed dramatically, affecting growth, inflation, employment, and foreign trade, among other areas of the economy. These policies, which include macro prudential, monetary, and fiscal actions, are all very important in determining the economy's direction. India had a GDP of USD 1.9 trillion at current market values ten years ago, ranking it as the tenth largest economy in the world. Despite the pandemic and inheriting an economy with macro imbalances and a dysfunctional banking system, it is currently the fifth biggest, with a GDP of USD 3.7 trillion (estimated FY24). Numerous macroeconomic policies have been implemented over this ten-year voyage, greatly aiding the nation's economic advancement.

Keywords: *Macroeconomic Policies, Economic Growth, (GDP} Gross Domestic Product, International Ties, International Monetary Fund (IMF)*

OBJECTIVES

The objectives of this paper are as under:

1. To get an insight into macroeconomic policies in India.
2. To study the difference between macroeconomic policies and microeconomic policies.
3. To analyse different tools used in macroeconomic policies
4. To evaluate India's macroeconomic performance.

INTRODUCTION

The study of the entire behaviour and performance of an economy as a whole is the focus of the field of macroeconomics. It covers a broad range of economic topics, including unemployment, economic growth, and inflation. The government uses macroeconomic policies to control and affect these variables. Price stability, full employment, economic growth, and other important goals are the focus of these programs. In India, macroeconomic policies date back to 1951, with the implementation of the "Five Year Plan" under Prime Minister Jawaharlal Nehru. This plan marked the beginning of India's macroeconomic history and its ongoing efforts to guide India towards a better economy.

Concern for economic growth in the immediate post-independence era resulted in policies that placed the government at the centre of investment and production. By the 1970s, trade policy had become increasingly protectionist, with more stringent regulations affecting both foreign and domestic investors. After 1980, there was a slow turnaround, and in 1991, the Indian government liberalised its trade, investment, and exchange rate policies completely, allowing private investment from both local and foreign sources in the majority of sectors.

After 1980, the GDP growth rate increased due to these new policies, which simultaneously decreased poverty and increased inequality. India's economic performance amounted to 3.6% annually for the thirty years between 1950/51 and 1980/81. With macroeconomic policies GDP growth accelerating to 5.6% in the 1980s and averaging 5.8% in the final decade up to 2000/01,. In fact, GDP growth for nine years (1992/93 to 2000/01) averaged an exceptional 6.3% if the crisis-affected year of 1991/92 is excluded. Demands from sectors and society have influenced policy-making in the last several decades, which has led to a dramatic rise in budget deficits. Increased economic growth has given politicians the opportunity to postpone making the tough reform choices needed to control those deficits.

DIFFERENCE BETWEEN MACROECONOMIC AND MICROECONOMIC POLICIES

The study of how people and businesses behave and make choices is known as microeconomics. It focusses on how particular markets work, examines how people make decisions to determine prices, and examines how resources are distributed.
A few key concepts and objectives of microeconomic policies are listed below.

Boosting competition to encourage efficiency and innovation. By rewarding businesses that produce at the lowest cost while demonstrating productive efficiency and excellent quality, a competitive market encourages efficiency. Because there is just one seller in a monopolistic market, there is typically inefficiency and the business has the capacity to take advantage of customers. Predatory pricing and price-fixing are examples of unethical pricing tactics that are prohibited by government rules.

Allocative efficiency to produce the right products in the right quantities. This suggests that the economy's resources have been distributed across various marketplaces in an effective manner. In this case, the government might interfere in monopolies and regulate certain markets to enable allocation in line with customer preferences.

The goal of consumer protection is to guarantee that buyers have full access to the details of the item or service they want to buy. Information failure may result from asymmetric or deceptive information. The government might enact laws like the Weights and Measures Act and prohibit certain deceptive advertising.

Minimum price is established in certain markets to guarantee that workers are paid at least that amount is the minimum wage. Both absolute poverty and economic disparity are lessened by them.

To enhance living circumstances and lessen environmental deterioration, market-based environmental regulations are established. These are often imposed on companies and include pollution licenses, environmental labelling requirements, and cap and trade schemes. Businesses may also receive incentives from the government to support environmentally friendly industrial practices.

Policies pertaining to education and workforce development contribute to higher worker quality and increased productivity. Programs for vocational training that meet the demands of developing markets are funded by the government.

However, because the economy's general reaction must not coincide with the responses of its component units, macroeconomic objectives are very different. The goals of macroeconomics are aggregative in nature as it examines the total.

Full Employment: The overall production of the economy has a direct correlation with worker unemployment. The gap between actual aggregate output (or GNP/CDP) and potential output increases with the unemployment rate. Thus, full employment is one of the goals of macroeconomic policy.

Price Stability: Both a persistent rise in prices and a decline in prices have destabilising effects on the economy. Thus, maintaining (relative) price level stability is one of the goals of macroeconomic policy. In addition to preventing economic swings, this objective aids in achieving an economy's stable growth.

Economic Growth: A nation aims to attain greater economic growth over an extended period of time in order to raise the average standard of living or people's quality of life. Macroeconomic policy ought to encourage economic expansion while maintaining a sufficient level of price stability.

Balance of Payments Equilibrium: An economy's poor performance is reflected in the depletion of foreign exchange reserves, which leads to a number of issues. For this reason, every nation wants to accumulate a sizable amount of foreign exchange reserves.

Social Objectives: In order to achieve certain social goals or promote social welfare, macroeconomic policy is also employed. This implies that there needs to be a more equitable and fair distribution of income. Some people benefit more than others in a capitalist, market-based society. Macroeconomic policy tools are used by policymakers to guarantee social fairness.

Whereas microeconomics concentrates on the particular market outcomes that contribute to the overall economy, macroeconomics considers the entire economy. In other words, these two areas of economics concentrate on distinct economic goals due to varying levels of aggregation. Despite having distinct areas of interest, the two studies are related to and have an impact on one another. Because cheaper imports are now available, a shift in macroeconomic policy, such lowering import duties, may have a direct effect on the car sector by lowering costs.

TYPES OF MACROECONOMIC POLICIES

Macroeconomic policies are broadly categorised into two principal branches: supply-side policies and demand-side policies. Supply side policies are designed to enhance the productive capacity of the economy by increasing the quantity and quality of supply. In contrast, demand-side policies are focused on increasing the level of aggregate demand within the economy. These demand side policies are further subdivided into monetary policy influencing money supply and interest rates, and fiscal policy, influencing government spending and taxation.

The supply side policies: They want to increase the economy's efficiency and potential for production while promoting long-term growth. These policies include labour market changes, privatisation, better education and training, tax cuts to boost incentives, and deregulation to promote flexibility. These seek to create a more competitive economic climate and increase the nation's potential production. By lowering burdensome government regulations, deregulation plays a critical role in enabling industries to function more freely and react to demand changes more quickly. Tax reductions are also intended to boost incentives for saving, investing, and working. The government stimulates economic activity and growth by encouraging people to earn and invest more money by decreasing taxes for both individuals and corporations. Education and training investments are particularly crucial since they increase workers' occupational mobility, enabling them to adapt to changing job demands and boosting the nation's competitiveness. Furthermore, labour market changes that eliminate or limit unemployment benefits also lessen frictional unemployment, which means that workers spend less time between jobs. People are encouraged to hunt for work and develop their talents since the opportunity cost of not working here is greater than the potential cost of working. As they raise the nation's long-term potential for production, these policies seek to raise the supply without causing inflation. But as a result, they often have a time lab and may be costly to execute.

Demand side policies: The goal of demand-side policies is to affect economic demand. This might be done to decrease demand to lessen inflationary pressures or to stimulate demand to increase economic activity. Demand-side policies are referred to be expansionary when they are used to raise demand and contractionary when they are used to decrease demand. The two main kinds of these policies are fiscal and monetary. All of these affect corporate investment and consumer spending by altering the price or supply of money.

The monetary policy: The central bank, which in India would be the Reserve Bank of India, is in charge of regulating the money supply, interest rates, and exchange rates. It can be expansionary, which occurs when interest rates drop, the money supply grows, and the exchange rate declines. A larger money supply would make more money available, which would encourage borrowing and spending since it would have a lower interest rate. The opportunity cost of conserving money rises as a result of the reduced interest rate, which also makes borrowing less expensive. Goods are more affordable to buy thanks to the increased exchange rate, which boosts exports and global demand. When interest rates increase, the money supply decreases and the exchange rate increases, which is the opposite of contractionary monetary policy.

Fiscal policy controls the government budget through government spending and taxation. The fiscal policy is heavily influenced by the government budget. The expansionary fiscal policy includes an increase in government spending which creates a multiplier effect, which with a decrease in government taxation, increases demand further. These two decrease the government budget, as the government is spending more and gaining a lower tax revenue, however would have short term benefits in boosting the economy's demand. Contractionary fiscal policies, which would be used when demand needs to be reduced and controlled, would include the government increasing taxation, and reducing spending. This would increase the government's revenue, and reduce the demand for most goods and services.

TOOLS USED IN MACROECONOMIC POLICIES

Macroeconomic policy utilises multiple tools in order to stabilise the economy.
The primary fiscal policy tools are:

Government spending to stimulate demand.
Infrastructure projects which consist of the building of roads, bridges, and schools, to stimulate economic activity.
Public services such as spending on healthcare, education, welfare programs, subsidies, transfer payments, etc.
Taxation on goods, services and income.
Tax cuts done to increase disposable income to boost the economy and increase economic growth
Tax increases to reduce inflation, redistribute income and stabilise the economy
The government budget calculates government transactions through government spending and government revenue.
A budget surplus is when the government revenue is higher than government expenditure
A budget deficit is when the government expenditure is higher than the government revenue

The primary monetary policy tools:

Interest rates are the cost of borrowing and the reward for saving money. India's national interest rate is 6.50%. An increase in interest rates would encourage saving and reduce demand, and vice versa.

Money supply is the total amount of money in circulation. An increase in the money supply would increase aggregate demand, however could also lead to inflation or hyperinflation.

Exchange rate is the price of one currency in terms of another. A higher exchange rate would make imports into the country cheaper and exports out of the country more expensive.

Reserve requirements are the amount of liquid assets the central bank holds in case of any shortcomings.

The primary supply side policy tools:

Deregulation consists of certain laws/rules being reduced or removed to encourage production/enterprise. Deregulation increases flexibility encouraging entrepreneurship, however it may also lead to a monopoly.

Education and training is provided by the government to increase the quality of labour by enhancing their skills in order to adapt to and effectively utilise newer technology. This helps the economy to reduce costs, increase quality and therefore remain internationally competitive.

Subsidies are financial grants given by the government to businesses in order to increase supply by lowering costs for the business. This allows the business to provide goods at a lower price as well.

POLICIES APPLIED IN INDIA

To alleviate poverty:

Antyodaya Anna Yojana introduced in 2000

This is a scheme to provide subsidised food to the millions of poor families residing in India. The scheme aims at combating hunger and enhancing food security by providing food at subsidised prices (wheat for 3 rupees per kg, rice for 2 rupees per kg, and sugar for 18.5 rupees per kg). The scheme has been successful at distributing around 62.5 lakh tonnes to 87.5 lakh tonnes on a monthly basis.

Pradhan Mantri Awas Yojana in 2015

This is a housing scheme by the Government of India aimed at providing affordable housing for urban (PMAY-U) and rural (PMAY-G) populations. The scheme provided subsidised loans, financial assistance for constructing houses, and technological assistance with the target of making "Houses for all". Specifically, the government targeted building over 2 crore houses by March 2022. The scheme has currently sanctioned around 1.18 crore houses and is working towards 1 crore more with the introduction of PMAY-U 2.0, with a dedication of over 1 lakh crore from the Union budget.

Pradhan Mantri Ujjwala Yojana 2016

The aim of this scheme is to provide Liquefied petroleum gas, also known as LPG, to the women of India who are below the poverty line. These women use traditional sources for energy such as coal, wood or cow dung cakes which can have detrimental impacts on their health and well being. The scheme aimed to provide 8 crore LPG connections to deprived households by March 2020. This aim was met in December 2022, with an additional 1.6 crore LPG connections, taking the total outcome of the scheme to 9.6 crore. The government now aims to reach a total of 10.6 crore connections, and the funds for the same are being released.

Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana 2018

This scheme is aimed at providing free health coverage of up to 5 lakh INR per family from an economically weaker section of the economy for healthcare. Inspired by the sustainable development goals, this scheme helps all vulnerable families with 3 days of pre hospitalisation along with 15 days post hospitalisation. The scheme does not have any limitations on age, gender or family size, and had helped finance over 1.09 crore hospital admissions by August 2020.

To alleviate unemployment:

Mahatma Gandhi National Rural Employment Guarantee Act 2005

Provides a legal guarantee for at least 100 days of unskilled wage employment in a financial year to every rural household, enhancing livelihood security. The scheme aims at developing rural areas, and reducing the migration of these workers to urban areas. The workers need to notify their Gram Panchayat who will provide the workers with a job, from within a certain set of jobs, usually within a 5 kilometre radius. If the job happens to be outside of this radius, the workers will be financially compensated for their travel expenses. From 2024 onwards, the scheme already has 13.21 active workers, has helped over 4.74 crore households and generated 175.95 crore person days.

Atmanirbhar Bharat Rojgar Yojana (ABRY) 2020

With the goal of stimulating job opportunities, this scheme works to boost employment after the covid 19 economic crisis wherein many lost their jobs. Employees earning under 15,000 rupees or ones who lost their jobs during the pandemic are eligible for this scheme. By 2023 the scheme had helped 7.58 million employees, surpassing its original target of 7.18 million set in 2022.

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) - 2015

This scheme works to develop the skills of the youth by providing them with short term training. The scheme aims to increase the productivity of the workers, increasing their quality of lifestyle whilst meeting the actual needs of the country. The pilot phase of the scheme, which was between 2015 and 2016, successfully trained 19.85 workers. After the pilot, the scheme was properly launched with the aim to help over 10 million workers in the four year period of 2016 to 2020. The scheme has surpassed its goal and trained over 13.7 million workers.

Monetary policy:

During 2010-2011, India experienced rising inflation due to higher food and fuel prices. To combat these inflationary pressures, the Reserve Bank of India (RBI) increased the repo rate multiple times with the highest being 6.25%. The repo rate is the rate at which the RBI lends money to the commercial banks in India. This increased the borrowing costs for households and firms, reducing aggregate demand, and encouraged saving. Additionally, this measure encouraged commercial banks to save their money within the RBI as well, reducing the amount in circulation, tightening liquidity.

In 2010, the Reserve Bank of India increased the CRR (cash reserve ratio) in order to inject more liquidity into the banking system. This ratio specifies the minimum amount of public deposits that the commercial bank must hold within the central bank. By increasing this ratio, banks will have less money to lend, which would reduce demand and control inflation.

During the COVID-19 pandemic, the Reserve Bank of India (RBI) tried to use multiple expansionary policies in order to stimulate demand, one of which was lowering its repo rate, also known as the repurchase rate. By reducing this rate, the RBI made borrowing cheaper for commercial banks, which in turn enabled them to lend more to firms and households. The repo rate was reduced to 4.4%, the lowest it had been in 15 years. The lower repo rate made borrowing more affordable during this time of economic slowdown, in order to support economic recovery.

During the pandemic, the Reserve Bank of India reduced the cash reserve ratio injecting more liquidity into the banking system to support the economy during the lockdowns and economic slowdown. The reduction in CRR, reduced the amount that the commercial banks had to hold with the central bank allowing them to lend more to businesses during the economic crisis.

Fiscal policy:

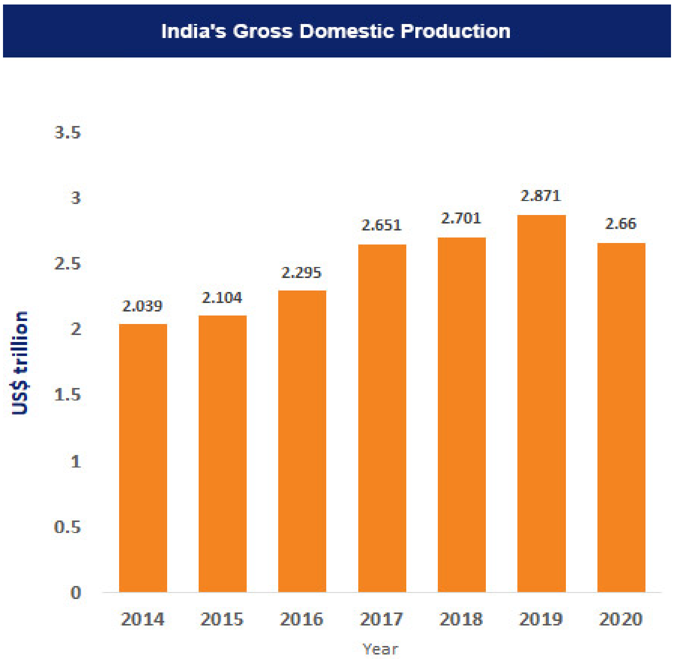
Goods and Service Tax, or GST, was introduced in 2017 by Arun Jaitley. The tax was levied on expenditure making it indirect in nature. This reform aims to expand the tax base, and reduce any fiscal deficits by increasing tax revenue.

The Equalization Levy (Digital Tax) was introduced in 2016 under the Finance Act. The tax is levied on all digital transactions, particularly those provided by foreign e-commerce companies earning revenue from Indian users. The tax aimed at earning more revenue and helping domestic businesses.

The Wealth tax was abolished in 2015, simplifying the tax structure. This was done as the cost of collecting the tax was higher than the benefits earned through the tax.

IMPACT OF MACROECONOMIC POLICIES ON INDIA

Gross domestic product

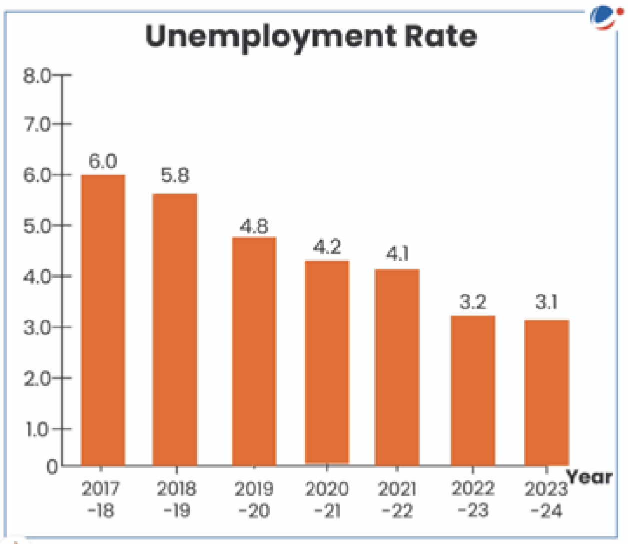


India's GDP has seen fluctuations over the years, reaching a peak of 3,549.92 billion dollars in 2023. Its GDP had a dip in 2020 due to the pandemic, which reflected a weak economic performance during the extreme uncertainty and instability. However, in FY 2021–22, India outperformed many major economies, demonstrating strong economic recovery.

The real GDP growth rate is estimated to be 8.2% in FY 2023-24 compared to the 7% in FY 2022-23. Hosting 113 unicorn start-ups, and a combined valuation exceeding 350 billion dollars, India stands third in the list for the world's third-largest unicorn base, after China and the United States. In 2024, as many as 14 tech startups are expected to list, with the fintech sector expected to generate the most future unicorns.

Employment rate

India's unemployment rate has seen a remarkable decrease, falling from around 6.0–6.1% in 2017–2018 to an estimated 3.1–3.2% currently. This is due to the several employment schemes by the government such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the Atmanirbhar Bharat Rojgar Yojana. Despite the unemployment rate seeing a fall in rural and urban areas, it remains a prevailing problem as India's population continues to rise faster. The schemes have created newer job opportunities, however as populations grow faster than the job opportunities, the job markets face immense pressure. Populations continue to grow due to high fertility rates and a lack of education. This problem calls for sustained efforts to ensure job availability, especially in sectors that can accommodate large numbers of workers, and keep in line with population growth.



REVIEW OF LITERATURE

"India's Recent Macroeconomic Performance: An Assessment and Way Forward" - Muneesh Kapur and Rakesh Mohan, International Monetary Fund, April 2014. India's economic slowdown between 2011 and 2013, following the high-growth period from 2003 to 2008 and the recovery from the 2008–09 financial crisis, was due to both domestic and global factors. Excessive fiscal and monetary policies being implemented during 2009–2011 led to high inflation due to an increase in demand, and an increase in the current account deficit (CAD). The policies were inefficient with delayed subsidy reforms and stagnant public investment, thereby constraining private investment and infrastructure development. Despite these challenges, India's favourable demographics and high savings rates underscore its potential for recovery.

"A critical analysis on Macroeconomic Performances in India with Reference to Skill India, Start up India and International Trends" - Gaurang Asopa and Varun Vijayaragvan, Christ University, 2019 India's macroeconomic performance, with a focus on government initiatives like Skill India and Start-Up India, has been influenced by both domestic policies and international trends, particularly the USA-China trade war. The policies aim to increase entrepreneurship and develop the workforce, but are restricted by problems like China product dumping, and the depreciation of the Indian currency. The paper suggests that India should now focus on long term investments, restore the value of the rupee and support rural enterprises. Additionally, rather than focusing on the number of startups, the Start Up India scheme should focus on the longevity and impact of these startups.

"Macroeconomic assessment of India's development and mitigation pathways" - Dipti Gupta, Frederic Ghersi, Saritha S. Vishwanathan &Amit Garg; August 2019 India, despite being a rapidly growing economy, faces immense challenges in meeting the United Nations Sustainable Development Goals (SDGs) and addressing climate change under the Paris Agreement.

This research assesses the macroeconomic implications of low-carbon development pathways for India, by using a hybrid model which combines bottom-up and top-down approaches to analyse four scenarios: business-as-usual (BAU), 2°C, sustainable 2°C, and 1.5°C. Decarbonization efforts, despite of reducing household consumption, can still achieve near the same growth rate as the BAU scenario.

The 1.5°C scenario even shows slightly higher GDP growth, indicating a relation between environmental performance and economic growth. India's ability to make this transformation to a low carbon economy relies on the innovation of technology, capital investment and international finance.

"India's macroeconomic policies since 2000" - Shankar Acharya, October 2008 The paper reviews India's macroeconomic performance and policies from 2000 onwards, analysing key aspects such as economic growth, inflation, external balance, fiscal situation, and aggregate savings and investment. It discusses the challenges faced in regulating the macroeconomic policies, and evaluates the policy's results. The paper concludes by underscoring important macroeconomic issues that need more attention in the future, including the resurgence of high fiscal deficits, concerns related to exchange rates, and the role of the Reserve Bank of India in policy formulation, especially in the context of a weak international economic environment.

"India's growth story" - Junaid Kamal Ahmad, Florian Blum, Poonam Gupta, and Dhruv Jain; October 2018 India's economic growth has steadily accelerated over the past five decades, becoming more consistent as it is diversifying across different sectors and states. The three distinct phases of growth since the early 1990s are- a period of gradual acceleration from 1991 to the early 2000s, a phase of rapid but unsustainable growth between 2004 and 2008, and a slowdown starting with the global financial crisis in 2008. This slowdown has mainly impacted investment,trade credit, and exports. Despite the economy recovering to a growth rate of 7-7.5 percent, to achieve higher growth will require greater policy efforts and help from the global economy.

"The performance of India in the achievement of sustainable development Goals: A way forward" - Hari Prapan Sharma and Ashish Chaturvedi, GLA University, October 2020 India has made significant progress in its sustainable development journey, yet it still faces critical challenges that require newer strategies and policy changes. One of the major concerns is bridging the north-south development gap, where the northeastern states are underperforming despite their rich resources and human capital. Additionally, poverty remains a continuous and critical problem, highlighting the need for anti-poverty programs to ensure the right to food for all.

"Overview of India' Export Performance: Trends and Drivers" - Shameek Mukherjee and Shahana Mukherjee. India's export sector has become increasingly crucial to its economic growth over the past two decades. The exports primarily consist of manufactured goods and primary commodities like cotton. However, due to the sudden growth in India's services sector, the manufacturing sector has been left behind, impacting job opportunities, particularly for unskilled workers. The key issue here is the lack of organisation of the industries, which limit the potential benefits from economies of scale and prevent the sector to fully reach its growth potential. Policies fostering a better environment for the manufacturing sector to grow, and exports to increase can aid in improving India's performance.

"Performance of Indian Economy During 2004 to 2013: An Empirical Analysis" - Dr. Dipti Ranjan Mohapatra, European academic research, January 2015 India's economy in the coming decade depends on multiple factors, including increasing savings and investment to stimulate the business cycle. The recent past has shown a decline in growth, particularly after the post-2008 crisis boom faded by 2012-13. There is significant variation in growth performance across states, with some states growing faster than others. To resolve this, there should be a greater focus on supporting and boosting investment in slower growing states and reducing uneven income distributions within the country.

"Relative Economic Performance of Indian States: 1960-61 to 2023-24" - Sanjeev Sanyal and Aakanksha Arora, September 2024 Using GDP and relative per capita income, it is inferred that over the past six decades, India's regional economic performance, shows great disparities. Western and southern states, particularly Maharashtra, Gujarat, and Goa, have consistently outperformed other regions. In contrast, the eastern region, especially West Bengal and Bihar, remains behind in both GDP share and per capita income, though Odisha has shown improvement in recent years. Overall, maritime states lead in both GDP contribution and relative per capita income, except for West Bengal.

"The Indian Economy: Current Performance and Short-Term Prospects" - Raghbendra Jha, February 2007 India's economy is at a pivotal point in its development. While the country has had higher and more stable growth, it is now facing new challenges such as rising fiscal deficits, financial sector weaknesses, increasing inequality, low employment elasticity, and inadequate infrastructure. The pace of reforms might face short-term restrictions due to political and democratic processes.

RESEARCH METHODOLOGY

Research methodology refers to the scientific approach that researchers use to gather information, interpret and analyse data in order to answer a research question. The research methodology guides the researcher obtaining data and processing this data to gain results. It encompasses information regarding the research approach (i.e. whether it is qualitative, quantitative, exploratory or descriptive), the data collection methods, the data analysis techniques, sample information, sample information, and ethical considerations.

The research methodology provides the researcher with the framework of the study, guiding the researcher to more credible, reliable and valid results, therefore allowing the study to contribute to its field. In order for the research methodology to be well designed, it must account for transparency, accountability and replicability in research.

Quantitative research involves the collection and analysis of numerical data to test a hypothesis. It uses statistical tools in order to generalise the findings to a broader population.

Qualitative research refers to understanding the meanings and perceptions of an individual or group. This research uses non numerical methods and is based on the researcher's perception of the data. Rather than generalising the findings to a broader population, the goal is to gain deeper understandings of a unique phenomenon.

Exploratory research is conducted when there is limited knowledge on the subject that is being researched. This research method is extremely open ended, and aids in creating a foundation for future studies.

Descriptive research aims to understand the characteristics of a phenomena or the relationship between two variables without manipulating them. This research method does not focus on the cause and effect relationship, as no variables are manipulated.

STATISTICAL TOOLS ADOPTED

The data was collected, processed and presented using diagrammatic representations.

Sampling techniques

The research paper used a questionnaire consisting of 11 basic questions on the subject of macroeconomic policies.

Hypothesis

H0- The macroeconomic policies do not help in improving the Indian economy.

H1- The macroeconomic policies have helped in improvising the Indian economy over a period of time.

Data types and sources

Data refers to raw facts and figures collected and analysed in a research. Data can be collected using a range of different methods, and once collected is processed to analyse certain trends, correlations and insights. Data is extremely important in research as it allows the researcher to draw conclusions and test their hypothesis. Data can be quantitative or qualitative in nature.

Quantitative data refers to information that is expressed numerically. This form of data is quantifiable and can be measured, for example one's weight or height. This data can be collected through experiments, correlational studies, and questionnaires.

Qualitative data refers to information that is not quantifiable, but rather describes characteristics or attributes of something. This is particularly useful when exploring a complex phenomena as one can gain deeper insights into human behaviours, and emotions using an idiographic approach. Examples of qualitative data include surveys, interviews, focus groups, and observations.

Population

It shows the maximum number of people having knowledge on macroeconomic policies of India.

Sampling frame

It refers to the randomly selected list of various people from the selected area to belong to different professions and age groups.

Sample size

For a meaningful and effective research study, a sample size of 65 people were selected.

Study area

Mumbai being the finance capital of India was considered for the purpose of research. People staying in Mumbai are expected to have knowledge about macroeconomic policies.

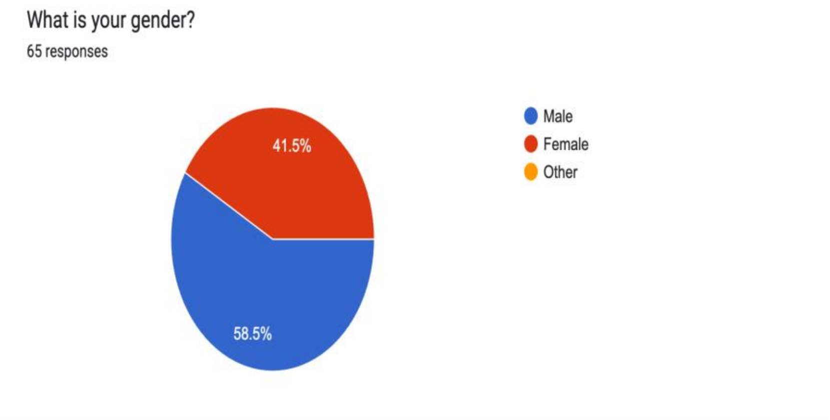
Limitations

- Due to using an online form, I could not ask follow up questions to the respondents personally, limiting the depth of the data.
- The respondents were from older age groups and hence the sample did not fully reflect the opinions of the younger generation regarding the economic performance.

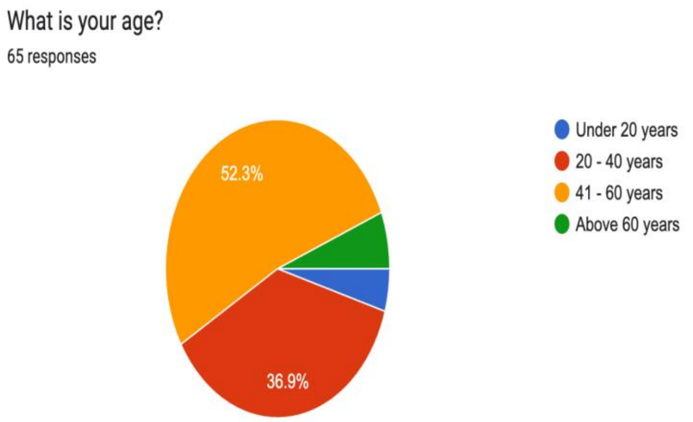
As the form tested, the respondents had varying knowledge regarding some economic concepts, and therefore their answers may also vary. This could be attested to the fact that they all come from varying jobs.

A few of the respondents contacted did not respond, or were reluctant to respond. Thai reduced the sample size, and reliability of the data.

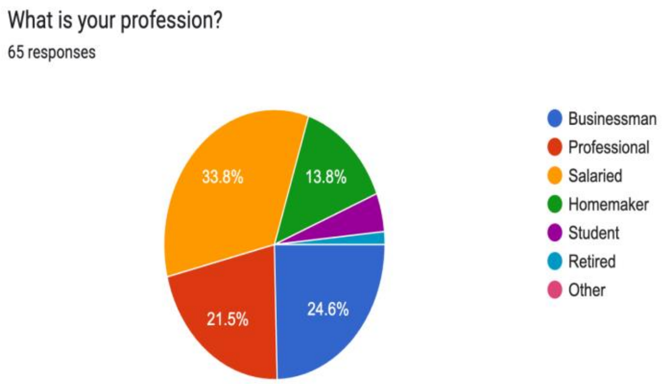
DATA ANALYSIS



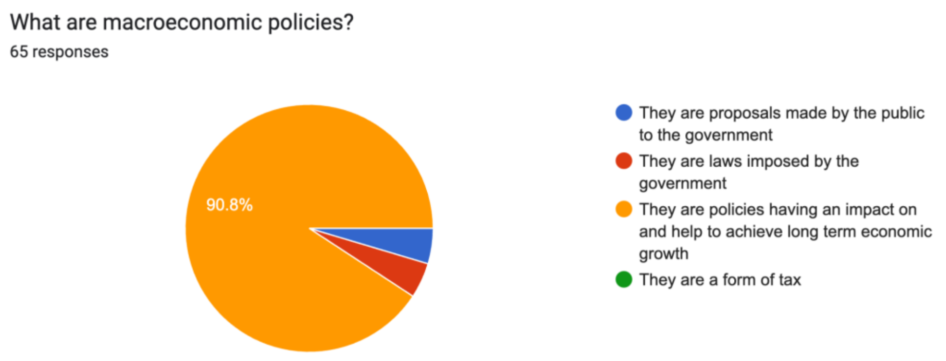
The majority of the respondents in the survey are male.



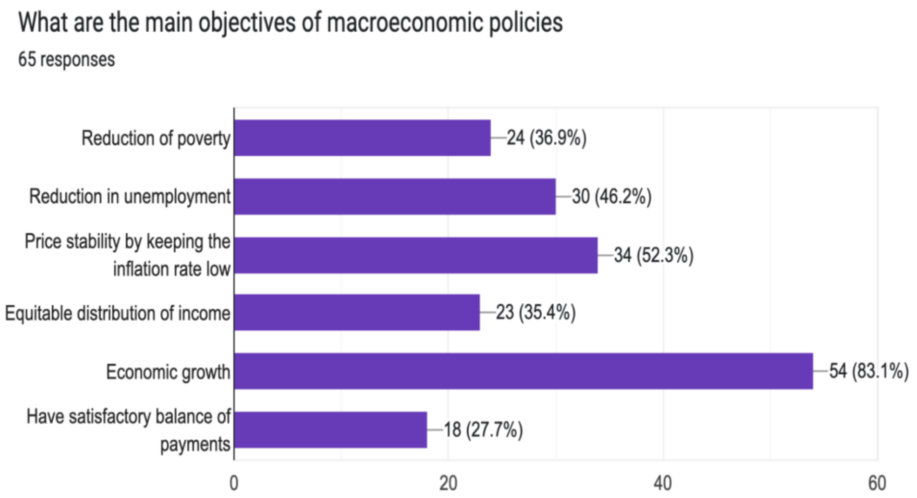
The respondents are from all the age groups, but are predominantly between the ages 20 - 40 years.



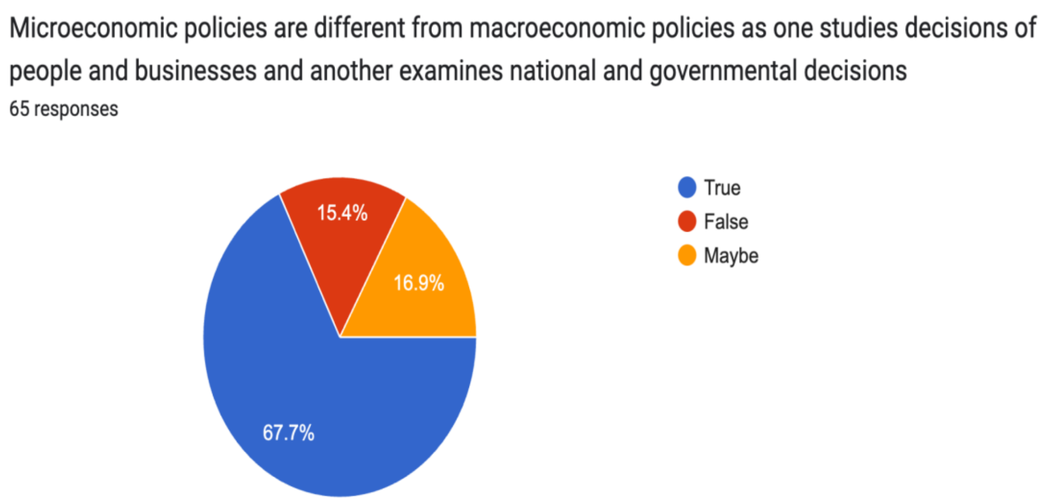
The above graph depicts that respondents are from various professions.



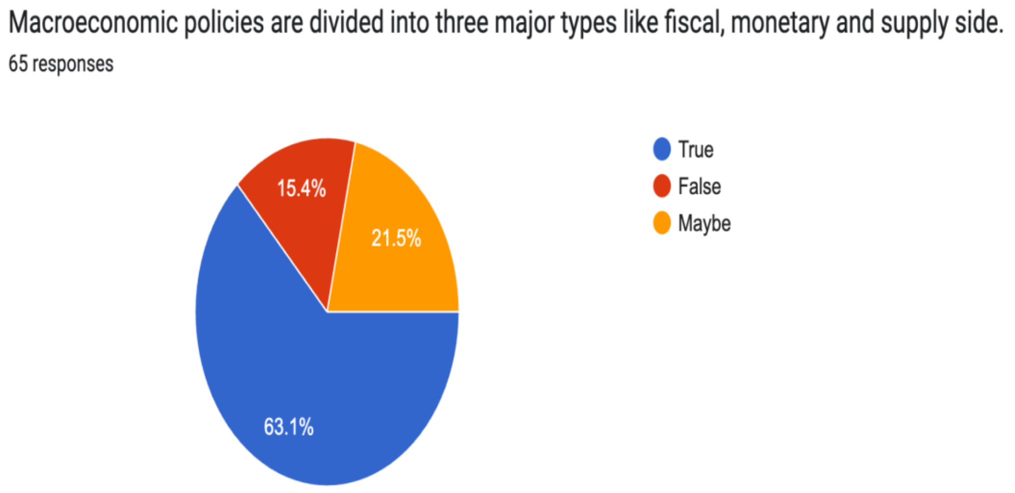
Most respondents are familiar with the concept of macroeconomic policies, although some believe that these policies are solely laws or are proposed by the public.



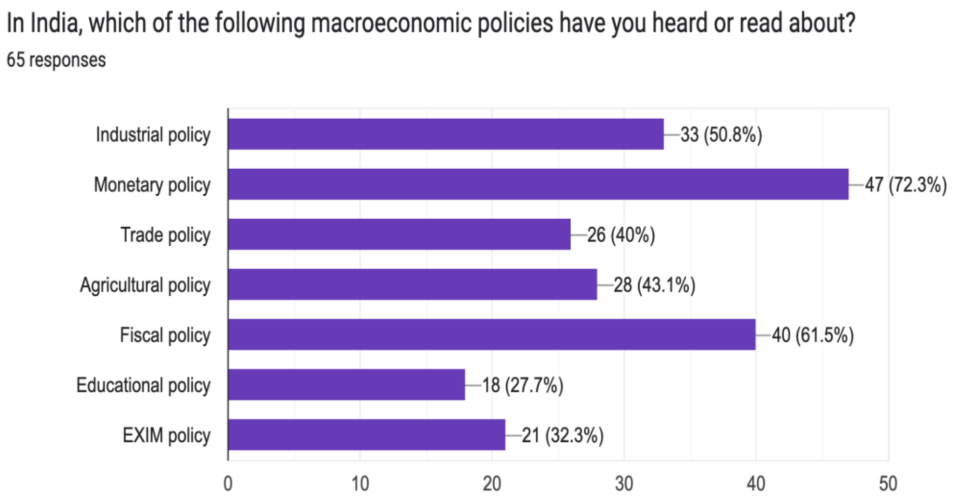
According to the survey, most participants believe that economic growth is the main objective behind macroeconomic policies, and the least consider a satisfactory balance of payments to be the main objective behind macroeconomic policies.



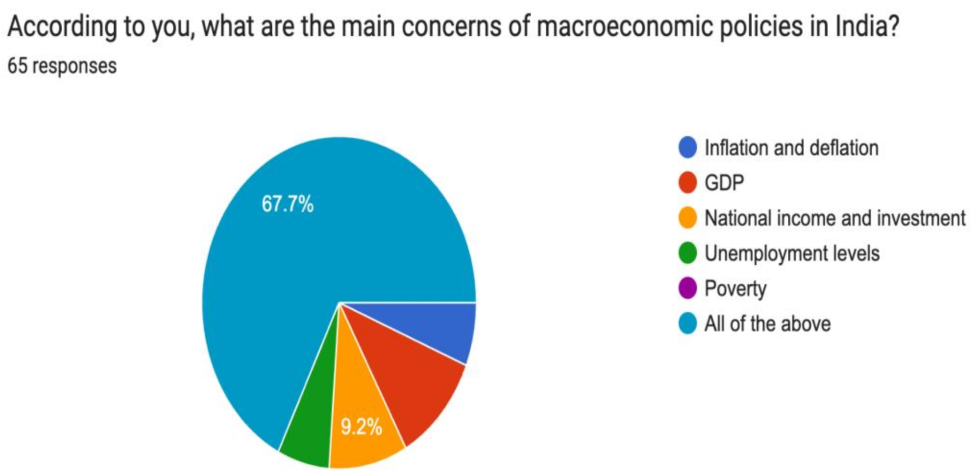
The above graph reflects how most participants understand that macroeconomic and microeconomic policies are different.



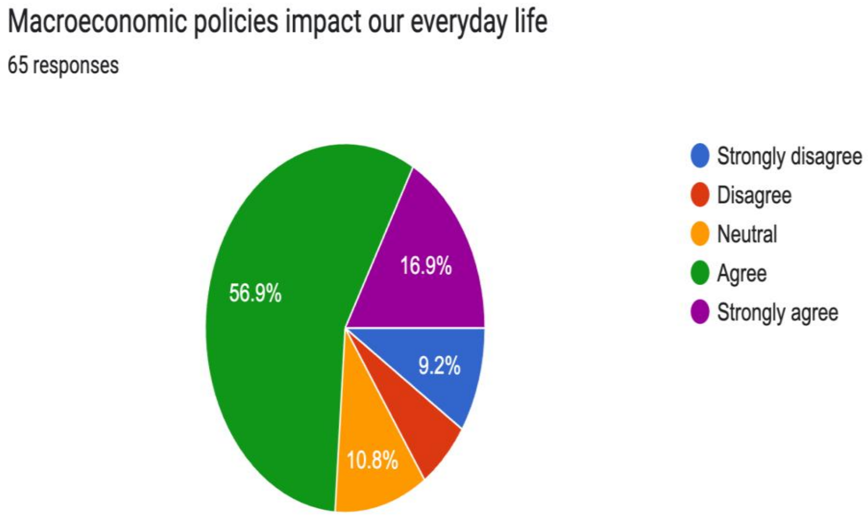
It can be inferred from the above graph that most of the respondents are aware of the three major types of macroeconomic policies.



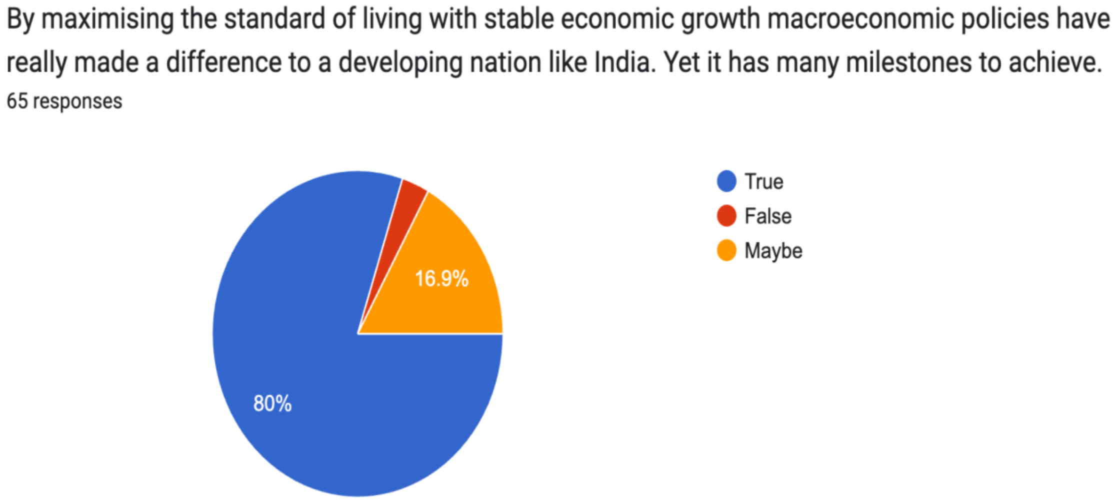
Most participants have heard about the monetary and the fiscal policy in India. The least amount of participants have heard about the educational policy in India. Only 8 participants have heard about all of the policies.



44 participants consider all of the listed concerns to be crucial in the Indian economy.



Most participants believe that macroeconomic policies do have an impact on their everyday life, but do not strongly agree with this statement. 10 participants do not agree with this statement, and 7 of them are neutral.



A large number of participants believe that India has made progress, but still has a long way to go.

CONCLUSION

Among emerging markets (EMs), India is generally thought to have the strongest growth prospects. These growth rates are far greater than what Advanced Economies (AEs) may expect. Because of the policies that have been established and put into place over the past ten years, the Indian economy is more equipped than ever to handle these three major problems. According to budget projections, the total public sector capital investment increased from ₹5.6 lakh crore in FY15 to ₹18.6 lakh crore in FY24 as a result of the Union government's historically exceptional rate of infrastructure construction. That is a 3.3X increase. The expansion of physical and digital infrastructure during the past decade is real, palpable, and revolutionary, regardless of the overall length of highways, freight corridors, airports, metro rail networks, or trans-sea links.

Indian households are doing well financially as a result of the goal of inclusive development. Over ₹2.1 lakh crore is being deposited in 51 crore bank accounts under the Jan Dhan Yojana. Women make up more than 55% of them. Household financial assets accounted for 86.2% of GDP in December 2019, while liabilities accounted for 33.4%. These figures were 103.1 percent and 37.6 percent in March 2023, respectively. As a result, household net financial assets increased from 52.8% of GDP in December 2019 to 65.5% of GDP in March 2023.

It currently seems quite probable that the Indian economy will grow at a pace of 7% or more in FY24, and some forecast that it will grow by 7% in FY25 as well. If the FY25 forecast is accurate, the Indian economy will have expanded by at least 7% for the fourth year following the epidemic. That would be a remarkable accomplishment, demonstrating the Indian economy's tenacity and promise. It portends a bright future.

With a GDP of USD 5 trillion, India is predicted to rise to the third-largest economy in the world within the next three years. However, the administration has set a greater target: by 2047, it wants to be a "developed country." As long as the reform process continues, this objective can be accomplished. The complete involvement of state governments will make the changes more effective and purposeful. Reforms that include improvements to governance at the district, block, and village levels to make them more hospitable to citizens and small businesses, as well as in areas like health, education, land, and labour where states play a significant role, will increase state engagement.

Numerous economic metrics have been significantly impacted by India's macroeconomic policies. Even if they have promoted stability and progress, issues like employment and inequality still exist, requiring constant policy improvement and adjustment to the state of the world economy.

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APPENDIX

1. What is your gender?

- Female
- Male
- Other

2. What is your age?

- ○ Under 20 years
- ○ 20 - 40 years
- ○ 41 - 60 years
- ○ Above 60 years

What is your profession?

- ○ Businessman
- ○ Professional
- ○ Salaried
- ○ Homemaker
- ○ Student
- ○ Retired
- ○ Other

4. What are macroeconomic policies?

- ○ They are proposals made by the public to the government
- ○ They are laws imposed by the government
- ○ They are policies having an impact on and help to achieve long term economic growth
- ○ They are a form of tax

5. What are the main objectives of macroeconomic policies?

- ☐ Reduction of poverty
- ☐ Reduction in unemployment
- ☐ Price stability by keeping the inflation rate low
- ☐ Equitable distribution of income
- ☐ Economic growth
- ☐ Have satisfactory balance of payments

6. Microeconomic policies are different from macroeconomic policies as one studies decisions of people and businesses and another examines national and governmental decisions

- ○ True
- ○ False
- ○ Maybe

7. Macroeconomic policies are divided into three major types like fiscal, monetary and supply side.

- ○ True
- ○ False
- ○ Maybe

8. In India, which of the following macroeconomic policies have you heard or read about?

- ☐ Industrial policy
- ☐ Monetary policy
- ☐ Trade policy
- ☐ Agricultural policy
- ☐ Fiscal policy
- ☐ Educational policy
- ☐ EXIM policy

9. According to you, what are the main concerns of macroeconomic policies in India?

- ○ Inflation and deflation
- ○ GDP
- ○ National income and investment

- Unemployment levels
- Poverty
- All of the above

10. Macroeconomic policies impact our everyday life

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

11. By maximising the standard of living with stable economic growth macroeconomic policies have really made a difference to a developing nation like India. Yet it has many milestones to achieve.

- True
- False
- Maybe