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Changes in Gross Domestic Product (GDP) after Economic Reforms

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Abstract:

This study has been conducted to examine the changes in GDP after the economic reforms in India. The Economic Reforms that made by government by new economic policy in 1991 made significant impact on the Indian Economy. In term of increasing GDP, Per capita income, increase in foreign direct investment etc. Secondary data has been used to conduct this study. Different reports, websites and reference books have been used. Descriptive research method has been used to analyze the given information. The study found that India has seen changes in all sectors following the economic reforms. The year 1991 to 2019 has seen a change in GDP.

Keywords: GDP, Liberalization, Privatization and Globalization.

1.Introduction

The policy makers of independent India faced challenges to India's economic and social development. For this, in the economic field, India adopted a mixed economy, in which the tendency towards socialist style social structure was more. Many economists felt that India's planned growth strategy from 1947 to 1990 and the state's excessive control over the economy made it difficult to achieve our economic goals. India's trade deficit remained high, which meant that exports were lower than imports, which led to a deficit in foreign exchange earnings and India had to seek help from foreign institutions. Developed countries of the world and international financial institutions have also made it a condition for financial assistance to India that India change its economic policies and free the economy from the control of the state. That is why India changed its economic policies and made the necessary institutional and legal changes.

Gross Domestic Product (GDP)

The final form of goods and services produced during the year within the country and by foreign nationals. Its market value is called gross domestic product or gross domestic product.

Highlights:

(1) Gross domestic product is considered to be the production of finalized goods and services by the citizens of the country and abroad or by nature (crude oil) within the limits of our country.

(2) The concept of gross domestic product is related to the extent of the country. It does not take into account the production made by the citizens of the country abroad or the income earned by the citizens of the country from abroad.

(3) GDP figures are used in practice to compare the economies of countries and to show the progress of the economy.

Liberalization

In a state-controlled economy, private enterprise, freedom of personal decision, increase in the prevalence of economic decisions by market factors and decrease in state intervention is called liberalization.

(1) State controls over the economy are declining.

(2) In the process of economic decision making, the influence of market demand-supply factors is increasing.

(3) The private sector is allowed to enter the public sector in phases.

(4) The special policy protection given to the country's industries against international competition is gradually declining. That is, the state becomes neutral in terms of the country's industries and foreign

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industries.

Privatization

Privatization means the transfer of industrial ownership from the public sector to the private sector. The state owns and operates public sector enterprises in the country. The process of privatization is the process of transferring ownership and management to the private sector in whole or in part.

Globalization

Globalization is the process of integrating the country's economy more and more with the world economy in which India gradually enhances economic relations with the countries of the world such as commodities, capital, human resources, technology, natural resources, financial instruments. Adopting such open policies for economic self-reliance.

2.Review of the literature

Klein R.L. And Palanivel (200) Economic Reforms and Growth Prospects in India in the present study, it has been found that after the economic reforms, there has been a lot of progress in the field of agriculture, industry and the abolition of the license regime. Industries with good technology coming from the world have gained momentum. Good progress has also been seen in GDP. Foreign direct investment has increased significantly since the economic reforms, with investments coming from most of the countries in the world.

R. Ravan V.K. (2014) Impact of LPG on Indian Economy This paper has studied the impact of economic reforms on the economy. This paper is based on a descriptive research method. This study is based on complete secondary data. like Books, journals, magazines, research papers have been used to collect secondary data. The new economic reforms are having a very significant impact. Such as GDP, per capita income, foreign direct investment, etc. have increased.

Rentala S. And Nandru (2019) Export performance of India and its Impact on GDP during post economic reforms period. Determination was used as a method of research study. This study is based on secondary data in which time series-based information has been taken. GDP has been selected as a variable. The importance of foreign trade in India has increased over the last several years, especially due to changes in GDP following economic reforms.

Arvind Virmani (2004) India's Economic Growth: From Socialist Rate of Growth to Bharatiya Rate of Growth. This paper reviews India's growth performance science independence. This paper show that had a lot to do with the Indian version of socialism. From this paper it is learned that rainfall is the most important factor of Indian economy. The Indian Rate of Growth is also discussed in this paper.

3. Objectives of the study

1) Examine the changes in GDP after economic reforms.

4.Method of study

Secondary data has been used in this research. It collects information from various reports, magazines, journal websites and reference books. The period from 1991 to 2018 has been chosen as the study period. Descriptive research method has been used to analyse research methods.

5.Analysis and interpretation of information

Increase in GDP growth rate

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Table no. 1

YEAR	GDP Growth (%)
31-12-1991	1.1
31-12-1992	5.5
31-12-1993	4.8
31-12-1994	6.7
31-12-1995	7.6
31-12-1996	7.5
31-12-1997	4.0
31-12-1998	6.2
31-12-1999	8.8
31-12-2000	3.8
31-12-2001	4.8
31-12-2002	3.8
31-12-2003	7.9
31-12-2004	7.9
31-12-2005	7.9
31-12-2006	8.1
31-12-2007	7.7
31-12-2008	3.1
31-12-2009	7.9
31-12-2010	8.5
31-12-2011	5.2
31-12-2012	5.5
31-12-2013	6.4
31-12-2014	7.4
31-12-2015	8.0

31-12-2016	8.3
31-12-2017	7.0
31-12-2018	6.1
31-12-2019	4.2

Source: www.worldbank.org

6.Interpretation:

Table no. 1 shows the growth rate of GDP. GDP growth was 1.1% in 1991 which has changed after the economic reforms which has seen 4.2% GDP growth in 2019. The year 1999 saw the highest GDP growth of 8.8% since 1991. These 29 years have seen an average GDP growth of 6.3%. India's GDP growth rate is increased. During 1991 India' GDP growth was only 1.1 % but after 1991 reforms due LPG policy India's GDP growth rate is increased year by year.

7.Conclusion

Thus, from the above study, it can be said that raw domestic production has increased, especially after the economic recovery. GDP plays an important role in the economic development of a country. The present study also reveals that the policy of the Licensing Raj after the economic reforms has been abolished. And changes in the industrial sector. With the exception of a few years, there has been a positive change in GDP.

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