

A Comparative Analysis of India's Economic Growth Across Development Phases

Farzana Begum ¹

¹ Research Scholar, Department of Economics, Mansarovar Global University, Sehore, M.P., India.

Dr. R. C. Sharma ²

² Supervisor, Department of Economics, Mansarovar Global University, Sehore, M.P., India.

ABSTRACT

This study examines the long-term pattern of economic growth and structural transformation in the Indian economy from the 1950s to 2022. The analysis focuses on major economic indicators such as real GDP growth, GDP per capita growth, agriculture and allied activities, industrial growth, services-sector growth, Gross Domestic Capital Formation (GDCF) as a proportion of GDP, and Gross Domestic Savings (GDS) as a proportion of GDP. The findings indicate a substantial improvement in India's economic performance over the study period. Real GDP growth remained relatively modest during the 1950s–1970s, averaging around 3–4 per cent, while a notable acceleration was observed during the 1980s, when growth reached 5.6 per cent. The post-liberalization period witnessed further improvement, particularly during 2003–2007, when real GDP growth reached 8.7 per cent. The services sector emerged as an important contributor to economic expansion, while industrial growth also strengthened during several periods. Agriculture showed greater variability, reflecting its dependence on structural and economic conditions. The analysis further demonstrates a significant rise in savings and investment ratios, with GDS/GDP and GDCF/GDP increasing substantially from the 1950s to the post-liberalization period. However, economic growth moderated during 2017–2022.

Keywords: *Liberalization, Economic Planning, Growth, Investment, Agriculture.*

I. INTRODUCTION

India's economic development represents a long and complex process of transformation shaped by changes in economic policies, institutional structures, productive capacity, technological advancement, investment, savings, and sectoral composition. Since independence, the Indian economy has moved through several distinct phases, each characterized by different growth patterns, development priorities, and structural conditions. A comparative examination of these phases is important for understanding how the foundations of the present Indian economy were established and how the sources of economic growth have changed over time. The period from the 1950s to 2022

provides a broad framework for examining this transformation, beginning with the early years of planned development and extending through the post-liberalization and contemporary phases of economic expansion. During the initial decades after independence, India adopted a development strategy centered on economic planning, public-sector investment, industrialization, agricultural development, and the creation of basic infrastructure. The 1950s and 1960s witnessed relatively moderate economic growth, while agriculture remained a major determinant of overall economic performance. Industrial development expanded through public investment and the establishment of core industries, although the economy continued to face constraints related to low productivity, limited capital formation, inadequate infrastructure, and a relatively narrow domestic market. The 1970s were marked by further economic challenges and fluctuations in agricultural and industrial performance. Consequently, the early development phase is generally characterized by gradual expansion rather than rapid economic transformation.

A significant change became visible during the 1980s, when India experienced a noticeable acceleration in economic growth. Real GDP growth increased to approximately 5.6 per cent during the decade, accompanied by stronger industrial and services-sector performance. This period was important because it established the basis for subsequent structural changes in the economy. Improvements in investment, productivity, infrastructure, technology, and economic activity contributed to the expansion of productive capacity. At the same time, the increasing contribution of the services sector indicated the beginning of a broader transition from an economy predominantly dependent on agriculture towards a more diversified economic structure.

The economic reforms initiated in 1991 represented another important phase in India's development trajectory. Liberalization, privatization, and globalization altered the policy environment and increased the role of market-oriented mechanisms in resource allocation and economic activity. Greater integration with the international economy, expansion of private investment, financial-sector reforms, industrial restructuring, and improvements in technology contributed to changes in the pattern of economic growth. During the post-liberalization period, India experienced stronger growth compared with earlier decades, although performance varied considerably across different sub-periods. The period from 2003–2007 was particularly notable, with real GDP growth reaching approximately 8.7 per cent annually. Industrial and services-sector growth also strengthened during this phase, demonstrating the increasing importance of non-agricultural activities in overall economic expansion. The services sector gradually emerged as one of the principal drivers of India's economic transformation. Information technology, telecommunications, financial services, trade, transport, business services, and other modern service activities expanded considerably, contributing to employment, exports, investment, and national income. Industrialization also remained important, although its growth was less consistent across different periods. Agriculture continued to play a crucial role in employment, rural livelihoods, food security, and inclusive development, but its relative contribution to overall GDP declined as the economy diversified. The changing relationship among agriculture, industry, and services therefore provides an important basis for comparing India's development phases.

Another significant dimension of India's economic transformation has been the growth of domestic savings and investment. Gross Domestic Savings (GDS) as a percentage of GDP increased from about 9.6 per cent during the 1950s to substantially higher levels in the post-liberalization period. Similarly, Gross Domestic Capital Formation (GDCF) increased from approximately 10.8 per cent of GDP in the 1950s to more than 30 per cent during several post-2000 periods. Raising savings and capital formation reflected the expanding productive capacity of the economy and supported investment in infrastructure, industry, services, and other productive activities. These indicators also provide an important basis for understanding the relationship between resource mobilization and long-term economic growth.

II. REVIEW OF LITERATURE

Biswas, Biprajit et al., (2024). This study looks at the disparities between India's actual growth rates and its projected economic objectives from 1951 to 2012 across several Five-Year Plans. We need to look at the socioeconomic and political issues that are at the root of the observed differences since, even with careful financial preparation, we have seen large disparities. The research uses a mixed-methods strategy to investigate these discrepancies by numerically analyzing economic data from the past and subjectively evaluating literature and policy papers. Insights into the efficacy of monetary planning, identification of key growth factors, and guidance for future policy and strategic planning endeavors are the goals of the research. This study aims to deepen our comprehension of India's economic growth patterns by conducting a thorough examination of available data.

Nigam, Reena et al., (2024). The current research compared the GDP growth rate of India with that of other world's most important economies. England, the United States, China, Germany, Italy, and France are the main economic powers. The goals are to(1) examine the relationship between India's GDP growth rate and other nations' growth rates and(2) determine the significance of the correlation coefficient between these two sets of data. We used data from 1991–2021/2001 to examine the correlation between India's GDP growth rate and the GDP growth rates of other big economies. The SPSS program was used for the analysis. The research is based on data obtained from the World Bank. According to the research, the GDP growth rate of India is most closely related to the UK's growth rate and least closely related to Germany's growth rate. With a value of $r = 0.687$, the correlation coefficient between the GDP growth rates of India and the UK is 0.687, which is statistically significant at the 0.01 level. Growth rates in gross domestic product in India and Germany are correlated with one another, with a value of 0.321. The value of 0.321 is insignificant.

Sinha, Jitendra. (2024). Over the last 20 years, India's economy has grown substantially, setting the stage for further robust expansion in the decades to come. But turning this potential into real economic benefits is still the biggest obstacle. By looking at important metrics including consumption, fixed asset investment, exports, GDP, and employment from 2000 to 2023, this research hopes to find out what's driving India's economic development. The findings show that consumption, fixed asset investment, exports, and employment all contribute positively and significantly to GDP growth, according to the multiple regression analysis done using E-Views software. Consumption fuels domestic demand, which contributes to GDP development, and fixed asset investment is crucial for improving capital stock, according to the research. Gains in

employment result in more efficient use of resources, while exports provide a further boost to development via international commerce. These findings inform the study's important policy suggestions, which include the following: (i) boosting consumer spending through improved social security systems and easier access to credit; (ii) ensuring a balanced distribution of investment across regions through a focus on rural development and innovative industries; (iii) improving workforce quality through education that is both relevant to market demands and offers targeted vocational training; and (iv) optimising export structures through encouragement of technological advancements in key sectors. Maintaining India's economic momentum and achieving inclusive development in the long run depend on these policies. If policymakers in India want to take advantage of sustainable development opportunities and remove current roadblocks, they should look to the study's conclusions.

Salman, Mohd et al., (2024). Economic and social impacts of Special Economic Zones (SEZs) on nearby towns across the world are the focus of this research. Focusing on their effects on surrounding regions, it evaluates how SEZs boost local economic growth, attract international investment, and encourage industrial expansion. The study finds similar difficulties and triumphs by comparing data from many nations, and it highlights the better performance of Indian SEZs. The statistical significance ($p\text{-value} < 0.001$) was shown by the fact that Indian SEZs fared better than other countries in terms of policy implementation and operational efficiency, with an average score of 3.488 compared to 2.940 for other nations. For SEZs in India, the $t\text{-value}$ is 60.660 and for SEZs in other countries, it is 49.000; both sets of data have 499 degrees of freedom. For India, the 95% CI for the mean difference is 3.375 to 3.601 while for other nations, it is 2.822 to 3.0558. Notable disparities are seen when SEZs in India and other countries are compared in terms of policy implementation and operational effectiveness. In comparison to SEZs in other nations, India's average score for policy implementation and operational effectiveness is 3.488. This would indicate that, generally speaking, people in India think special economic zones (SEZs) are more efficient than similar zones in other nations. Key topics addressed by the research include: What effect do SEZs have on the socio-economic development of neighbouring communities? When compared to SEZs in other nations, how does India's fare? A Beta value of 0.707 indicates a high positive association, which is supported by regression analysis, which shows that communities surrounding SEZs have stronger socio-economic growth. These results help inform policy discussions and point the way for further studies on how to use special economic zones (SEZs) to its full potential for sustainable and equitable growth.

Sanyal, Anirban & Singh, Nirvikar. (2020). Despite the Green Revolution's beneficial effects on agriculture throughout India, the Punjab state's economy has remained stagnant for over fifty years. Punjab is facing economic, social, and environmental challenges, and it has also slipped behind in the ranks of states' per capita production. The whole country of India may learn a lot from the economic history of Punjab. Punjab has stuck to its traditional economic model of relying on agriculture for much of its GDP growth rather than branching out into industry and services, where productivity might be more rapidly increased. Within the framework of the relationship between structural change and economic development throughout the states of India, this research empirically explores

structural change in the Punjab economy. There is strong evidence from panel and time-varying-coefficient regressions that structural change has a beneficial effect on growth at the state level. Growth also seems to have had a beneficial effect on structural change in all of India's states.

Jha, Raghbendra. (2007). This study argues that India's economy is well-positioned for sustainable development because to its remarkable resilience and ability to adjust to changes in local and global economic situations. After centuries of decline and stagnation, India's society and confidence were rocked when the country gained its freedom. Despite East and Southeast Asia's rapid development, the licence quota raj insured that mediocre growth would follow for three decades. However, the Indian economy reawakened its latent energy when restrictions were relaxed. The growth rate has been consistently strong since the mid-1980s, and it has recently begun to accelerate, although there have been some temporary dips. This article details the tenacity and pursuit of faster economic development by the Indian economy. During this time, India's economy and society are undergoing profound changes, and the world is getting ready to see the rise of a formidable new power. This paper is structured as follows. The historical context is laid out for part II, which delves into India's growth story, highlighting the economy's ability to withstand negative shocks for over 400 years and how development resumed after these restraints were relaxed. In Section III, we'll look at a few of the causes behind India's recent economic boom. In Section IV, we learn about India's foreign trade performance, and in Section V, we see the new India in two halves: the dynamic automotive industry and the sluggish agricultural sector. Part VI finishes.

III. RESEARCH METHODOLOGY

Government publications, economic surveys, reports from the Reserve Bank of India, and other reputable databases provided the secondary data used in the research. Several key indicators were taken into account in the study, which spanned the years 1950–2022, including real GDP growth, growth in agriculture and related industries, growth in the services sector, GDCF/GDP, and GDS/GDP. Utilising percentage-based analysis, the data was categorised into several time periods and shown in comparison tables. The research looked at the growth, sectoral performance, savings, investment, and overall economic transformation of the Indian economy throughout different time periods.

IV. RESULTS AND DISCUSSION

Table 1: Average Annual Growth Rates (%) in Pre-Liberalization Period

Year	1950s	1960s	1970s	1980s
Real GDP Growth	3.6	4.0	2.9	5.6
Agriculture and Allied	2.7	2.5	1.3	4.4
Industry	5.8	6.2	4.4	6.4
Services	4.2	5.2	4.0	6.3
Nominal GDCF/GDP	10.8	14.3	17.3	20.8
GDS/GDP	9.6	12.3	17.2	19.0

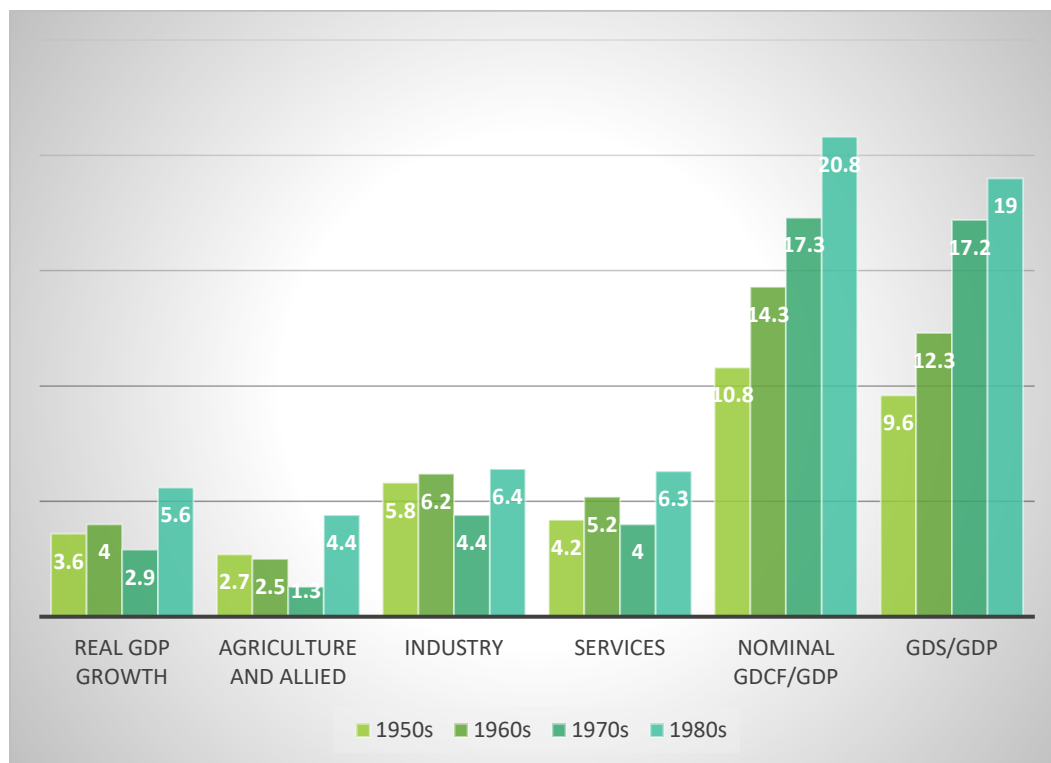


Figure 1: Average Annual Growth Rates (%) in Pre-Liberalization Period

During the pre-liberalization period, India's real GDP growth increased from 3.6% in the 1950s to 4.0% in the 1960s, but declined to 2.9% in the 1970s before rising sharply to 5.6% in the 1980s. Agriculture and allied activities recorded growth of 2.7%, 2.5%, 1.3% and 4.4%, respectively, while industry grew from 5.8% to 6.4% and services from 4.2% to 6.3% over the same decades. Investment also strengthened, with nominal GDCF/GDP increasing from 10.8% to 20.8% and GDS/GDP from 9.6% to 19.0%, indicating a substantial rise in domestic investment and saving during the period.

Table 2: Average Annual Growth Rates (%) in Post-Liberalization Period, 1991–2022

Year	1991–1997	1997–2003	2003–2007	2007–12	2012–17	2017–22
Real GDP Growth	5.7	5.2	8.7	8.0	7.4	4.9
Agriculture and Allied	3.7	0.9	4.9	3.6	3.0	3.1
Industry	7.0	4.1	8.3	7.56	6.5	4.0
Services	7.5	3.9	9.1	NA	8.0	6.2
Nominal GDCF/GDP	23.9	24.5	33.0	31.8	31.3	29.0
GDS/GDP	22.7	24.1	32.7	33.4	31.0	29.0

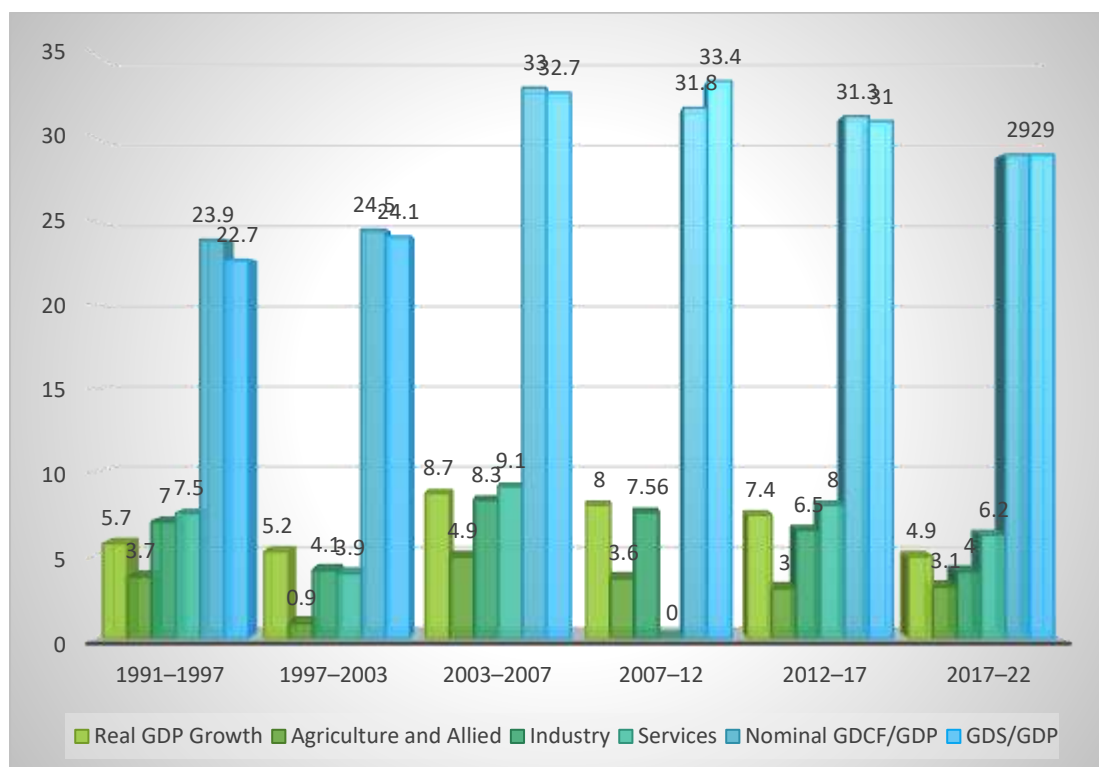


Figure 2: Average Annual Growth Rates (%) in Post-Liberalization Period, 1991–2022

During the post-liberalization period, India's real GDP growth improved from 5.7% during 1991–97 to 8.7% during 2003–07, before moderating to 8.0% in 2007–12, 7.4% in 2012–17, and 4.9% in 2017–22. Agriculture grew from 3.7% to 4.9% during 1991–2007 and remained around 3.0–3.1% thereafter. Industry recorded 7.0% growth in 1991–97 and peaked at 8.3% in 2003–07, while services reached 9.1% during 2003–07. Investment and saving also increased substantially, with GDCF/GDP rising from 23.9% to 33.0% and GDS/GDP from 22.7% to 32.7% by 2003–07, followed by a gradual decline to 29.0% for both indicators in 2017–22.

V. CONCLUSION

India's economic growth has evolved through distinct development phases, each reflecting changes in economic policy, institutional structures, production systems, and integration with the global economy. Economic reforms involving deregulation, privatisation, trade liberalisation, and greater participation of the private sector created new opportunities for investment, entrepreneurship, and international trade. India's increasing integration with the global economy also strengthened its position in international markets. The post-2000 period demonstrated stronger growth potential, supported by rising investment, expanding domestic consumption, technological development, urbanisation, and improvements in infrastructure. At the same time, the growth process remained uneven across sectors and regions. Agriculture continued to face productivity and income-related challenges, while manufacturing growth encountered issues related to infrastructure, skills, investment, and global competition.

REFERENCES

1. Ahluwalia, M. S. (2002). State-level performance under economic reforms in India. In A. O. Krueger (Ed.), *Economic policy reforms and the Indian economy*, 2(1), 91–121.
2. Biswas, B., Choudhary, A., Mandal, K., Ghosh, J., Roy, D., & Gupta, S. (2024). Economic growth patterns in India's five-year plans. *World Journal of Advanced Research and Reviews*, 23, 489–494.
3. Chand, R., Raju, S. S., & Pandey, L. M. (2007). Growth crisis in Indian agriculture. *Economic and Political Weekly*, 3(2) 2528–2533.
4. Jha, R. (2007). The Indian view of economic development: Resilience and the quest for growth. *SSRN Electronic Journal*, 3(2), 5-15.
5. Nastu, A.-A.-M. (2022). Economic development and economic growth: Case study. *Journal of Economics, Finance and Management Studies*, 5(2), 9-15.
6. Nigam, R., Gandhi, M., Vidyapith, K., & Varanasi, U. (2024). A study of India's GDP growth rate in relation to GDP growth rate of major economies of the world. *ShodhPatra: International Journal of Science and Humanities*, 6(2), 8-16.
7. Onkarnath, D., & Kumar, D. (2025). Indian economy in 2014–2024 and the transformation of India. *International Journal for Multidisciplinary Research*, 7(9), 1–10.
8. Sahoo, P., Guha Thakurata, S., & Biswas, D. (2025). Investigating inclusive growth: A comparative analysis of Tamil Nadu and Gujarat. *Review of Development and Change*, 30(1), 29–46.
9. Saksena, S., & Deb, M. (2016). Economic growth and human development in Indian states after two decades of economic reforms. *Business and Economic Horizons*, 12(3), 7-14.
10. Salman, M., Mazhar, S., Khan, F., & Mittal, P. (2024). A comparative analysis of socio-economic development in communities near special economic zones: A global and Indian perspective. *International Journal of Experimental Research and Review*, 41(3), 146–157.
11. Sanyal, A., & Singh, N. (2020). Structural change and economic growth in India: A comparative study of Punjab. *SSRN Electronic Journal*, 8(2), 9-15.
12. Sinha, J. (2024). Understanding economic growth in India: How it affects the everyday lives of common people. *Journal of Comprehensive Business Administration Research*, 9(1), 6-15.