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Dr. MK Agarwal
Associate Professor,
Government Model degree
College, Kapoori Govindpur,
Saharanpur, Uttar Pradesh,
India

Economic policies of Shri Narendra Damodardas Modi: A comprehensive analysis

MK Agarwal

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Abstract

Since assuming office as the Prime Minister of India in May 2014, Shri Narendra Damodardas Modi has initiated a wide range of economic reforms aimed at accelerating India's growth, enhancing global competitiveness, promoting ease of doing business, and fostering inclusive development. His economic policies encompass structural reforms, digital transformation, fiscal consolidation, foreign investment promotion, and socio-economic welfare schemes. This article examines the key economic policies under Modi's leadership, analyzing their impacts, challenges, and long-term implications for the Indian economy. Through a review of policy documents, expert analyses, and economic indicators, the article highlights how Modi's vision has shaped India's economic trajectory in the 21st century.

Keyword: Narendra Modi, Indian economy, economic reforms, digital India, Make in India, fiscal policy, GST, Atmanirbhar Bharat, infrastructure, inclusive growth

Introduction

Shri Narendra Modi's tenure as Prime Minister marked a significant shift in India's economic landscape. With a strong mandate and a pro-reform agenda, Modi introduced numerous initiatives aimed at restructuring the economy. His policies have sought to address both macroeconomic stability and grassroots development. Guided by a blend of pragmatism and nationalism, Modi's economic strategy emphasizes innovation, self-reliance, and global engagement. This article outlines major economic policies launched under his leadership, exploring their rationale, implementation mechanisms, and effectiveness.

Make in India and Manufacturing Revival

Launched in 2014, the Make in India campaign aimed to transform India into a global manufacturing hub. The policy focused on enhancing infrastructure, simplifying regulatory processes, and inviting foreign direct investment (FDI). It identified 25 key sectors including automobile, pharmaceuticals, textiles, and electronics for targeted development. The campaign received a boost with the introduction of production-linked incentive (PLI) schemes to support domestic manufacturing. While India's manufacturing share in GDP has seen modest gains, challenges such as infrastructure gaps and labor law complexities persist.

Digital India and Financial Inclusion

Digital India, launched in 2015, sought to integrate technology into governance, economy, and service delivery. Its goals included improving internet connectivity, promoting digital literacy, and facilitating digital payments. Key components such as Aadhaar-linked services, the Unified Payments Interface (UPI), and Jan Dhan Yojana revolutionized financial inclusion. As of 2024, India has one of the world's most advanced digital payment ecosystems. These reforms have enhanced transparency, curbed corruption, and expanded the formal economy.

Goods and Services Tax (GST)

Introduced in 2017, GST replaced a complex array of indirect taxes with a unified tax regime. Aimed at creating a single national market, GST simplified tax compliance, increased transparency, and boosted interstate commerce. Despite initial implementation challenges, GST collections have shown steady improvement. It has streamlined logistics

Correspondence Author:

Dr. MK Agarwal
Associate Professor,
Government Model degree
College, Kapoori Govindpur,
Saharanpur, Uttar Pradesh,
India

and reduced tax evasion. However, concerns remain about the multiple rate structure and delayed compensation to states.

Demonetization and its Aftermath

One of the most controversial decisions of Modi's tenure was the demonetization of ₹500 and ₹1,000 notes in November 2016. Intended to curb black money, counterfeit currency, and terrorism financing, the move had a significant short-term impact on liquidity and economic activity. While digital transactions surged and tax compliance improved, the long-term economic benefits remain debated among economists. The informal sector and small businesses faced substantial disruption.

Atmanirbhar Bharat and Self-Reliance

In response to the COVID-19 pandemic, the Modi government launched the Atmanirbhar Bharat Abhiyan (Self-Reliant India Mission) in 2020. This policy aimed to reduce dependence on imports, encourage local production, and build resilient supply chains. The initiative involved a stimulus package worth ₹20 lakh crore, covering MSMEs, agriculture, defense, healthcare, and infrastructure. The PLI scheme was expanded to promote domestic manufacturing. Atmanirbhar Bharat emphasizes economic sovereignty without isolationism.

Infrastructure Development and Urban Reforms

Infrastructure development has been a central pillar of Modi's economic vision. Initiatives like Bharatmala (roads), Sagarmala (ports), Smart Cities Mission, and the National Infrastructure Pipeline (NIP) aim to enhance connectivity and urban living standards. The Gati Shakti National Master Plan launched in 2021 seeks to integrate infrastructure planning across sectors. Investment in high-speed rail, metro projects, and renewable energy has accelerated. These efforts are designed to improve logistics efficiency and attract private investment.

Fiscal and Tax Reforms

Modi's government has pursued fiscal discipline while enhancing public expenditure efficiency. The corporate tax rate was slashed to 22% in 2019 to attract investment. Direct tax reforms such as the Faceless Assessment Scheme aim to minimize human intervention and reduce harassment. The government has also promoted disinvestment in public sector undertakings (PSUs) and implemented the Insolvency and Bankruptcy Code (IBC) to improve business resolution mechanisms. Despite fiscal pressures during COVID-19, the government avoided excessive borrowing, maintaining macroeconomic stability.

Agriculture and Rural Development

The Modi government has launched several initiatives for rural development, including the Pradhan Mantri Krishi Sinchayee Yojana, PM-KISAN (income support to farmers), and the e-NAM (National Agricultural Market). The controversial farm laws passed in 2020 aimed at liberalizing agricultural markets but were later repealed following farmer protests. Despite political setbacks, investment in agri-infrastructure and rural electrification has increased. The emphasis on doubling farmers' income remains a long-

term goal.

Employment and Skill Development

Schemes like Skill India, Startup India, and Standup India aim to harness India's demographic dividend by fostering entrepreneurship and vocational training. The MUDRA Yojana has disbursed collateral-free loans to millions of microenterprises. However, job creation remains a critical challenge, particularly in the organized sector. The New Education Policy (2020) seeks to align education with employability and innovation.

Conclusion

The economic policies of Shri Narendra Modi reflect a bold attempt to modernize the Indian economy while retaining social inclusivity. Through a combination of digital innovation, structural reforms, infrastructure push, and self-reliance, Modi has attempted to position India as a global economic power. While achievements are notable, challenges such as unemployment, inequality, and regional disparities remain. The success of these policies will ultimately depend on consistent implementation, institutional capacity, and the ability to balance growth with equity.

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