

Transformative Economic Policies in India: A Political Economy Analysis of IMF Influence, Sectoral Shifts, and Political Transitions

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Abstract : India's economic landscape has witnessed significant transformations over the past decades, characterized by shifts from agrarian to service-oriented economies. Recently, there has been a growing emphasis on transitioning towards a manufacturing-led growth model driven by factors such as demographic changes, technological advancements, and evolving global trade dynamics. These changes reflect broader efforts to enhance industrialization, boost employment opportunities, and diversify the economic base beyond traditional sectors. Within this context, this research focuses on understanding the specific drivers and dynamics behind India's shift from a predominantly service-based economy to one centered on manufacturing. It seeks to explore how political ideologies influence economic policies and shape sectoral priorities, with a particular focus on contrasting approaches between the Indian National Congress (INC) and the Bharatiya Janata Party (BJP). Additionally, the study evaluates the alignment of IMF policy recommendations with India's economic goals and priorities within the theoretical frameworks of neoliberalism and political economy theory. Despite the extensive literature on India's economic reforms and political economy, there remains a gap in understanding how political ideology influences sectoral shifts and economic policy outcomes, particularly in the context of IMF recommendations. Existing studies often focus narrowly on either political ideologies or economic reforms without fully integrating both perspectives. This research aims to bridge this gap by providing a comprehensive analysis that integrates political economy theories with empirical evidence from political speeches, government documents, and IMF reports. Through qualitative content analysis of speeches by political leaders, document analysis of key governmental documents, and scrutiny of party manifestos, this research demonstrates how political ideologies translate into distinct economic strategies and developmental agendas. It highlights the extent to which IMF policy prescriptions align with India's economic objectives and how these interactions shape broader socio-economic outcomes. The theoretical framework of neoliberalism and political economy theory provides a lens to interpret these findings, offering insights into the complex interplay between economic policies, political ideologies, and institutional frameworks in India. The findings of this study are expected to provide valuable insights for policymakers, researchers, and practitioners involved in economic governance and development planning in India. By understanding the factors driving sectoral shifts and the influence of political ideologies on economic policies, policymakers can make informed decisions to foster sustainable economic growth and development. Implementation of these insights could contribute to refining policy frameworks, enhancing alignment with national development priorities, and optimizing engagement with international financial institutions like the IMF to better meet India's socio-economic challenges and opportunities in the evolving global context.

Keywords : political economy, international politics, social science, policy analysis

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