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SOCIAL AUDITING-A REVIEW

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ABSTRACT: The first **Social Audit** was carried out in Sweden (1985–88) by **John Fry and Ulla Ressner**, worklife researchers at the Centre for Swedish Working Life (Arbetslivscentrum) and published in Sweden in 1988 by Allmäna Förlaget, Stockholm (332 pp) under the title "Social Revision av ett Ämbetsverk".[1] It was the result of a three-year study of Sweden's central bureaucracy - The National Labour Market Board (Arbetsförmedlingen). The study was based on interviews and questionnaires with over 1,000 employees at all levels of the organisation throughout the country and became the subject of debate in the Swedish Riksdag (Parliament).[2] Its focus was to assess the correspondence between the work experiences of employees and management on the one hand, and the legislated and collectively agreed upon objectives for service, work environmental and managerial policies in its established definition of effectivity in the workplace. In short, it was an assessment of the institutionalisation of a **Democratic Rationality**.

KEYWORDS: Social, audit, national, labour, market, board, employees, democratic, rationality

I.INTRODUCTION

The term **Social audit** was also later used to refer to a form of citizen participation that focuses on government performance and accountability. In that context, a social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. It is qualitatively different from other forms of audit and citizen participation, whose main purpose is to express citizen's voice and promote a more inclusive government, such as public demonstrations, advocacy and lobbying and/or public hearing initiatives.[3]

The central objective of such a social audit is to monitor, track, analyze, and evaluate government performance, thus making public officials accountable for their actions and decisions. As an evaluation of government performance, a social audit exercise can be considered a mechanism of social oversight: that is, the control that citizens can exert on their government officials to ensure that they act transparently, responsibly and effectively.[3]

Social auditing plays various roles. Social audit processes can help focus on bad government performance and/or behaviour and also by denouncing corrupt public officials or disseminating information about a public officials' asset declaration before an election. A social audit can also significantly contribute to inform the government about the potential impact and consequences of public policies. Moreover, a social audit can also play a critical role in keeping the community informed about government policies and actions and in articulating citizens' demands and needs that might not be otherwise transmitted through more regular channels, such as elections.[3]

Social audit activities can help measure public policy consistency between promises and actual results. Verifying consistency between plans/programs/policies and actual results can lead to improvements in many governance areas, and can translate into economic and social benefits. It can also play a critical role as an anticorruption tool in preventing corrupt practices and/or in providing evidence to expose wrongdoings. Ultimately, social audit paves the way to strengthen trust and confidence in the democratic governance process.[3]

It is also a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. It as a term was used as far back as the 1950s. There has been a flurry of activity and interest in India and neighboring countries since the 1990s. It is based on the principle that democratic governance should be carried out, as far as possible, with the consent and understanding of all concerned. It is thus a process and not an event.[4]

Civil society organisations (CSOs), non-governmental organisations (NGOs), political representatives, civil servants and workers of Dungarpur district of Rajasthan and Anantapur district of Andhra Pradesh collectively organise such social audits to prevent mass corruption under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).[5]

A grass roots organisation of Rajasthan, Mazdoor Kisan Shakti Sangathan (MKSS) is believed to have used the concept of the social audit while fighting corruption in the public works in the early 1990s. As the corruption is attributed to the secrecy in governance, the 'Jansunwai' or public hearing and the right to information (RTI), enacted in 2005, are used to fight this secrecy.[6] Official records obtained using RTI are read out at the public hearing to identify and rectify

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irregularities. "This process of reviewing official records and determining whether state reported expenditures reflect the actual monies spent on the ground is referred to as a social audit."[7] Participation of informed citizens promotes collective responsibility and awareness about entitlements.[8]

Dungarpur district of Rajasthan

The mass social audit under the employment guarantee scheme in Dungarpur is the most significant feature of the first phase of implementation of the NREGA in India. Launched on 2 February 2006, the first phase of the NREGA implementation included Dungarpur as one of 200 districts of India. A district in the poor tribal belt of southern Rajasthan, Dungarpur is also the birthplace of the Right to Information movement in India. People take a foot march called 'Padayatra' with the aim of spreading awareness across 237 panchayats (rural self-government institutions) of Dungarpur employing 150,000 labourers at 1,700 worksites, about half of rural households belonging to Below Poverty Line (BPL) group in Census 2001.[9]

Two factors are believed to be responsible for making the social audit a reality in Rajasthan: first, the presence of activist groups that monitored the public money spent on drought and relief works; and second, the involvement of the working class in demanding employment as an entitlement. Moreover, for the first time in a public programme, the NREGA includes transparency and public scrutiny as the statutory provisions under Section 23 and Section 17 respectively (as outlined in Chapter 11 of the NREGA Operational Guidelines).[10][11]

These social audits highlight: a significant demand for the NREGA, less than 2 per cent corruption in the form of fudging of muster rolls, building the water harvesting infrastructure as the first priority in the drought-prone district, reduction of out-migration, and above all the women participation of more than 80 per cent in the employment guarantee scheme. The need for effective management of tasks, timely payment of wages and provision of support facilities at work sites is also emphasised.[12][13]

Anantapur district of Andhra Pradesh

Across all 13 districts of Andhra Pradesh under NREGA, 54 social audits are conducted every month starting from July 2006. The scale and frequency of social audits on NREGA works in Andhra Pradesh are the first in India.[14] Under National Food For Work Programme (NFFWP), before NREGA, AP received more than 3 million tonnes of rice between September 2001 and July 2002, enough to feed twenty million workers for nearly a year, with a market value of Rs 30 billion or $65 million.[15][16] Due to ineffective mechanisms for limiting corruption, the 2001–2 NFFWP in AP was a failure. It was recommended that the checks and controls must be built into the design of such programmes.[17] Section 17 of the NREGA mandates the regular conduct of social audits on all aspects of the scheme.[18]

Initially, in collaboration with MKSS and ActionAid, the Department of Rural Development (DoRD) of Andhra Pradesh assisted the social audit process through the Strategy and Performance Innovation Unit (SPIU). Since May 2009, the Society for Social Audits Accountability and Transparency (SSAAT), an autonomous body, is responsible for the conduct of social audits in the state.[19] While the director of the SPIU was a civil servant, the director of SSAAT is an activist.[20][21][22] In January 2011, Andhra Pradesh introduced a separate vigilance cell in the Rural Development Department to ensure follow up and enforcement of social audit findings.[23]

In Andhra Pradesh, after DoRD and SSAAT, the management structure consists of state resource persons (SRPs), district resource persons (DRPs), and the village social auditors (VSAs). The SRPs identify and train the DRPs who in turn identify and train the VSAs. While the SRPs manage daily activities like scheduling the social audit, contacting district officials, ensuring follow up and enforcement of social audit findings, the DRPs manage the actual conduct of the social audit, for instance, filing RTI applications, and contacting the 'Mandal' level officials to organise logistics and public hearing. To conduct the actual social audit, the volunteers among the NREGA beneficiaries are selected from 'gram sabhas' or village assemblies by DRPs.[24]

An application under the RTI to access relevant official documents is the first step of the social audit. Then the management personnel of the social audit verify these official records by conducting field visits. Finally, the 'Jansunwai' or public hearing is organised at two levels: the Panchayat or village level and the Mandal level. The direct public debate involving the beneficiaries, political representatives, civil servants and, above all, the government officers responsible for implementing the NREGA works highlights corruption like the practice of rigging muster rolls (attendance registers) and also generates public awareness about the scheme. [25]

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To assess the effectiveness of the mass social audits on NREGA works in Andhra Pradesh, a World Bank study investigated the effect of the social audit on the level of public awareness about NREGA, its effect on the NREGA implementation, and its efficacy as a grievance redressal mechanism. The study found that the public awareness about the NREGA increased from about 30 per cent before the social audit to about 99 per cent after the social audit. Further, the efficacy of NREGA implementation increased from an average of about 60 per cent to about 97 per cent. Finally, the effectiveness of the social audit as a grievance redressal mechanism was measured to be around 80 per cent.[26][27]

II.DISCUSSION

Mahatma Gandhi National Rural Employment Guarantee Act 2005 or **MGNREGA**, earlier known as the **National Rural Employment Guarantee Act** or **NREGA**,[3] is an Indian social welfare measure that aims to guarantee the 'right to work'. This act was passed on 23 August 2005[1] and was implemented in February 2006 under the UPA government of Prime Minister Manmohan Singh following tabling of the bill in parliament by the Minister for Rural Development Raghuvansh Prasad Singh.

It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to at least one member of every household whose adult members volunteer to do unskilled manual work.[4][5][6] Women are guaranteed one third of the jobs made available under the MGNREGA.[7] Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds and wells). Employment is to be provided within 5 km of an applicant's residence, and minimum wages are to be paid. If work is not provided within 15 days of applying, applicants are entitled to an unemployment allowance. That is, if the government fails to provide employment, it has to provide certain unemployment allowances to those people. Thus, employment under MGNREGA is a legal entitlement. Apart from providing economic security and creating rural assets, other things said to promote NREGA are that it can help in protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity, among others."[8]

The act was first proposed in 1991 by then Prime Minister P.V. Narasimha Rao.[9] It was finally accepted in the parliament and commenced implementation in 625 districts of India. Based on this pilot experience, NREGA was scoped up to cover all the districts of India from 1 April 2008.[10] The statute was praised by the government as "the largest and most ambitious social security and public works program in the world".[11] In 2009 the World Bank had chided the act along with others for hurting development through policy restrictions on internal movement.[12] However in its World Development Report 2014, the World Bank termed it as a "stellar example of rural development".[13] MGNREGA is to be implemented mainly by gram panchayats (GPs). The law stated it provides many safeguards to promote its effective management and implementation. The act explicitly mentions the principles and agencies for implementation, list of allowed works, financing pattern, monitoring and evaluation, and detailed measures to ensure transparency and accountability.[14]

History

Since 1960, 30 years were expended in struggling to find suitable employment schemes in India's vast rural hinterland. The experiences of these decades provided important lessons to the government. These included the 'Rural Manpower Programme' which exposed the tribulations of financial management, the 'Crash Scheme for Rural Employment' on planning for outcomes, a 'Pilot Intensive Rural Employment Programme' of labour-intensive works, the 'Drought Prone Area Programme' of integrated rural development, 'Marginal Farmers and Agricultural Labourers Scheme' of rural economic development, the ‘Food for Work Programme’ (FWP) of holistic development and better coordination with the states, the ‘National Rural Employment Programme’ (NREP) of community development, and the ‘Rural Landless Employment Guarantee Programme’ (RLEGP) of focus on landless households.[15] The Planning Commission later approved the scheme and it was adopted on national scale.[16]

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MGNREGA workers removing mud from a dry pond

In April 1989, to converge employment generation, infrastructure development and food security in rural areas, the government integrated NREP and RLEGP[a] into a new scheme Jawahar Rozgar Yojana (JRY). The most significant change was the decentralization of implementation by involving the local people through local village governments or Panchayati Raj Institutions (PRIs) and hence a decreasing role of bureaucracy.[18] In October 1993, the Employment Assurance Scheme (EAS) was initiated to provide employment to agricultural hands during the lean agricultural season. The role of PRIs was reinforced with the local self-government at the district level called the 'Zilla Parishad' as the main implementing authority. Later, EAS was merged with Sampoorna Gramin Rojgar Yojana (SGRY) in 2001.[19]

On 1 April 1999, the JRY was revamped and renamed to Jawahar Gram Samridhi Yojana (JGSY) with a similar objective. The role of PRIs was further reinforced with the local self-government at the village level called the ‘Village Panchayats’ as the sole implementing authority. In 2001, it was merged with SGRY.[20][21] On 25 September 2001 to converge employment generation, infrastructure development and food security in rural areas, the government integrated EAS and JGSY into a new scheme SGRY. The role of PRIs was retained with the 'Village Panchayats' as the sole implementing authority.[22] Due to implementation issues, it was merged with NREGA in 2006.[23] In January 2001, the government introduced a FWP similar to the one that was initiated in 1977. Once NREGA was enacted, the two were merged in 2006.[24] The total government allocation to these precursors of NREGA had been about three-quarters of ₹1 trillion (US$13 billion).[25] Employment generation programmes created after 2005 include the Prime Minister Employment Generation Programme (PMEGP).[26]

The colonial era, when India was governed by the **British**, is when the problems of poverty and a lack of employment possibilities in rural areas first surfaced. The lopsided economic development pattern was caused by the colonial government's emphasis on growing the urban economy at the expense of the rural economy, which remained even after India attained independence. Additionally, the colonial authority established land revenue procedures that led to a concentration of land ownership in the hands of a select few, which in turn marginalized the rural poor. Additionally, the British promoted the growth of cash crops above food crops, which reduced agricultural productivity and brought about famine in some regions of the nation. Despite independence, the sad truth is: the legacy of colonialism remains.

Particularly, colonialism had a lasting effect on the economic and **social advancement of India**, with rural areas and people being the most negatively impacted. The colonial era is still evident in the underfunding of rural infrastructure, the lack of systemic social assistance programs, and the scarcity of job prospects. To address these difficulties, a determined effort must be made to reverse the historical neglect of rural areas and give them development priority.

In response to the cries for help, the Indian government put together a nationwide welfare scheme aimed at targeting this very issue: The **Mahatma Gandhi National Rural Employment Guarantee Act**, or **MGNREGA**. The Government of India introduced the **MGNREGA** social welfare program in 2005 to address the problem of unemployment and poverty in rural areas. Recognizing the high rates of unemployment and poverty in rural India, especially among the underprivileged groups of the population, led to the need for such a program.

The MGNREGA was created with the idea of giving rural households a safety net in the form of guaranteed work possibilities. Every rural household in the nation was to receive 100 days of guaranteed employment each year as part of the program, guaranteeing that each household had access to a minimum amount of income. The program was intended to be labor-intensive, with the main sources of employment being initiatives like road building, water conservation, and afforestation. **The Ministry of Rural Development**, a section of the Government of India’s

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economic bureau, was in charge of overseeing the implementation and rollout of the plan. **Gram Panchayats** - governing heads in rural villages, were the envoy for implementing the scheme at the local level.

Provisions

The registration process involves an application to the Gram Panchayat and issue of job cards. The wage employment must be provided within 15 days of the date of application. The work entitlement of 100 days[b] per household per year may be shared between different adult members of the same household.[31] The law lists permissible works: water conservation and water harvesting; drought proofing including afforestation; irrigation works; restoration of traditional water bodies; land development; flood control; rural connectivity; and works notified by the government. The Act sets a minimum limit to the wage-material ratio as 60:40. The provision of accredited engineers, worksite facilities and a weekly report on worksites is also mandated by the Act.[32] The Act sets a minimum limit to the wages, to be paid with gender equality, either on a time-rate basis or on a piece-rate basis. The states are required to evolve a set of norms for the measurement of works and schedule of rates. Unemployment allowance must be paid if the work is not provided within the statutory limit of 15 days.[33] The law stipulates Gram Panchayats to have a single bank account for NREGA works which shall be subjected to public scrutiny. To promote transparency and accountability, the act mandates 'monthly squaring of accounts'.[34] To ensure public accountability through public vigilance, the NREGA designates ‘social audits’ as key to its implementation.[35]

The most detailed part of the Act deals with transparency and accountability that lays out role of the state, the public vigilance and, above all, the social audits.[36] For evaluation of outcomes, the law also requires management of data and maintenance of records, like registers related to employment, job cards, assets, muster rolls and complaints, by the implementing agencies at the village, block and state level.[37] The legislation specifies the role of the state in ensuring transparency and accountability through upholding the right to information and disclosing information proactively, preparation of annual reports by the Central Employment Guarantee Council for the Parliament and State Employment Guarantee Councils for state legislatures, undertaking mandatory financial audits by each district along with physical audit, taking action on audit reports, developing a Citizen's Charter, establishing vigilance and monitoring committees, and developing a grievance redressal system.[38]

The Act recommends establishment of 'Technical Resource Support Groups' at district, state and central level and active use of information technology, like creation of a 'Monitoring and Information System (MIS)' and a NREGA website, to assure quality in implementation of NREGA through technical support.[39] The law allows convergence of NREGA with other programmes. As NREGA intends to create ‘additional’ employment, the convergence should not affect employment provided by other programmes.[40]

III.RESULTS

The **economic development in India** followed socialist-inspired politicians for most of its independent history, including state-ownership of many sectors;[1] India's per capita income increased at only around 1% annualised rate in the three decades after its independence.[2] Since the mid-1980s, India has slowly opened up its markets through economic liberalisation. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy.[2] The Indian economy is still performing well, with foreign investment and looser regulations driving significant growth in the country.[3]

In the late 2000s, India's growth reached 7.5%, which will double the average income in a decade.[2] IMF says that if India pushed more fundamental market reforms, it could sustain the rate and even reach the government's 2011 target of 10%.[2] States have large responsibilities over their economies. The average annual growth rates (2007–12) for Gujarat (13.86%), Uttarakhand (13.66%), Bihar (10.15%) or Jharkhand (9.85%) were higher than for West Bengal (6.24%), Maharashtra (7.84%), Odisha (7.05%), Punjab (11.78%) or Assam (5.88%).[4] India is the Fifth largest economy in the world by nominial basis and the third largest by purchasing power parity adjusted exchange rates (PPP). On per capita basis, it ranks 140th in the world or 129th by PPP.

The economic growth has been driven by the expansion of the services that have been growing consistently faster than other sectors.[1] It is argued that the pattern of Indian development has been a specific one and that the country may be able to skip the intermediate industrialisation-led phase in the transformation of its economic structure. Serious concerns have been raised about the jobless nature of the economic growth.[5][6]

Favourable macroeconomic performance has been a necessary but not sufficient condition for the significant improvement in the human development indicators. Although the rate of poverty declined after economic reforms of

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1991, the improvement in human development has been less than satisfactory. For instance, child malnutrition has continued to persist (46% in 2005–6).[7]

The progress of economic changes in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labour regulations, reforms in lagging states, and HIV/AIDS.[8] For 2018, India ranked 77th in Ease of Doing Business Index. According to Index of Economic Freedom World Ranking an annual survey on economic freedom of the nations, India ranks 123rd as compared with China and Russia which ranks 138th and 144th respectively in 2014.

At the turn of the century India's GDP was at around US$480 billion. As economic reforms picked up pace, India's GDP grew five-fold to reach US$2.2 trillion in 2015 (as per IMF estimates).

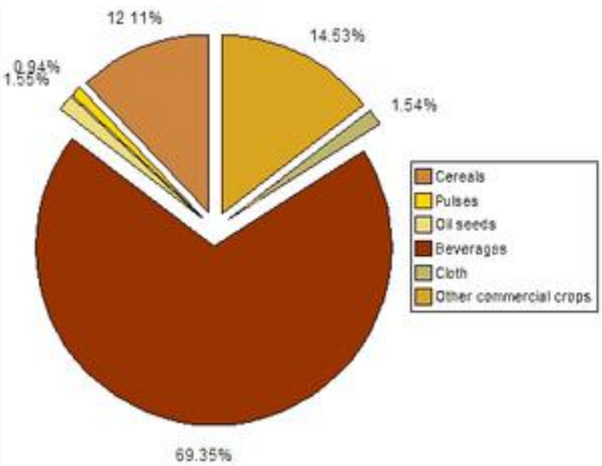
India's GDP growth during January–March period of 2015 was at 7.5% compared to China's 7%, making it the fastest growing MAJOR economy.[9][10] During 2014–15, India's GDP growth recovered marginally to 7.3% from 6.9% in the previous fiscal. During 2014–15, India's services sector grew by 10.1%, manufacturing sector by 7.1% & agriculture by 0.2%. Indian Economy grew at 7.6 & 7.1 in FY 2015–16 and FY 2016–17 respectively as major reforms had taken place like Demonitisation and implementation of GST in FY 2016–17.

History

Prior to India's Independence, from the period of 1900 to 1947, per capita income in India had either declined or stagnated. Post-Independence, Jawaharal Nehru demonstrated his willingness to compromise socialism for the perceived benefit of the country to provide financial incentives for the expansion of private enterprise.[1] However, after the crisis of 1957, India turned towards import substitution industrialization and introduced foreign exchange.[1] The Nehru-Mahalanobis approach, often referred to as the Second Five Year Plan, emphasized the development of basic and heavy industries as a means of accelerating economic growth. These included steel, copper, petrochemicals, paper, coal, and oil.[11] Mahalanobis strived for India to reach autonomy, ridding any outstanding debts. Critics disagreed with this approach, stating that World Bank's claim of Indian export prospects being low were falsified and due to India's inward-looking strategy, the growth opportunity of the world economy was missed.[12] Nonetheless, over 1950–1965, India's acceleration of per capita income growth had increased an average of 1.7%, a value not exceeded since.

The discourse on the efficacy of the Nehru-Mahalanobis Strategy is commonly contested by economists. A criticism of the approach emphasizes the lack of resource allocation in the agriculture sector. It is argued that the misbalanced weightage towards the machine-making sector contributed to the increase in food-grain prices and thus, perpetuated poverty and malnutrition.[13] Defenders of the strategy claim that it sought to increase agricultural output by increasing the output-capital ratio. This agreeably would have been accomplished through land-reforms, something the strategy did not address, not indicating a problem with the strategy itself.[13]

Agriculture



Composition of India's total production of foodgrains and commercial crops, in 2003–04, by weight

India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 18.6% of the GDP in 2005, employed 60% of the total workforce[14] and despite a steady decline of its share in the

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GDP, is still the largest economic sector and plays a significant role in the overall socio-economic development of India. Yields per unit area of all crops have grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the green revolution.

India is the largest producer in the world of milk, cashew nuts, coconuts, tea, ginger, turmeric and black pepper.[15] It also has the world's largest cattle population (193 million).[16] It is the second largest producer of wheat, rice, sugar, groundnut and inland fish.[17] It is the third largest producer of tobacco.[17] India accounts for 10% of the world fruit production with first rank in the production of banana and sapota, also known as chiku.[17]

The required level of investment for the development of marketing, storage and cold storage infrastructure is estimated to be huge. The government has implemented various schemes to raise investment in marketing infrastructure. Amongst these schemes are Construction of Rural Go downs, Market Research and Information Network, and Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation.[18]

Main problems in the agricultural sector, as listed by the World Bank, are:[19]

- India's large agricultural subsidies are hampering productivity-enhancing investment.
- Overregulation of agriculture has increased costs, price risks and uncertainty.
- Government interventions in labour, land, and credit markets.
- Inadequate infrastructure and services.

IV.CONCLUSIONS

The **economy of India** has transitioned from a mixed planned economy to a mixed middle-income developing social market economy with notable state participation in strategic sectors and indicative planning.[45] It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). According to the International Monetary Fund (IMF), on a per capita income basis, India ranked 139th by GDP (nominal) and 127th by GDP (PPP).[46] From independence in 1947 until 1991, successive governments followed Soviet model and promoted protectionist economic policies, with extensive sovietization, state intervention, bureaucrat driven enterprises and economic regulation. This is characterised as dirigism, in the form of the Licence Raj.[47][48] The end of the Cold War and an acute balance of payments crisis in 1991 led to the adoption of a broad economic liberalisation in India and indicative planning.[49][50] Since the start of the 21st century, annual average GDP growth has been 6% to 7%.[45] The economy of the Indian subcontinent was the largest in the world for most of recorded history up until the onset of colonialism in early 19th century.[51][52][53] India accounts for 7.2% of global economy in 2021 in PPP terms, and around 3.4% in nominal terms in 2021.[54][55]

India still has informal domestic economies; COVID-19 reversed both economic growth and poverty reduction; credit access weaknesses contributed to lower private consumption and inflation; and new social and infrastructure equity efforts.[56] Economic growth slowed down in 2017 due to the shocks of "demonetisation" in 2016 and the introduction of the Goods and Services Tax in 2017.[57] Nearly 70% of India's GDP is driven by domestic consumption.[58] The country remains the world's sixth-largest consumer market.[59] Apart from private consumption, India's GDP is also fueled by government spending, investments, and exports.[60] In 2021, India was the world's 6th-largest importer and the 9th-largest exporter.[61] India has been a member of the World Trade Organization since 1 January 1995.[62] It ranks 63rd on the Ease of doing business index and 68th on the Global Competitiveness Report.[63] Due to extreme rupee/dollar rate fluctuations India's nominal GDP too fluctuates significantly.[64] With 476 million workers, the Indian labour force is the world's second-largest.[19] India has one of the world's highest number of billionaires and extreme income inequality.[65][66] It is an admitted fact that in India that it lacks tax culture. Despite considerable efforts for widening the tax base, still the number of taxpayers in the country, is about 82.7 million people which is 6.25 per cent of the over 132 crore population, which is too small for the country.[67]

During the 2008 global financial crisis, the economy faced a mild slowdown. India endorsed Keynesian policy and initiated stimulus measures (both fiscal and monetary) to boost growth and generate demand. In subsequent years, economic growth revived.[68] According to the World Bank, to achieve sustainable economic development, India must focus on public sector reform, infrastructure, agricultural and rural development, removal of land and labour regulations, financial inclusion, spur private investment and exports, education, and public health.[69] Over 66 million

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Indians are categorised as middle class, and just 16 million are upper middle class, according to a 2021 Pew Research Center survey.[70]

In 2021, India's ten largest trading partners were United States, China, United Arab Emirates (UAE), Saudi Arabia, Russia, Germany, Hong Kong, Indonesia, South Korea, and Malaysia.[71] In 2021–22, the foreign direct investment (FDI) in India was $82 billion. The leading sectors for FDI inflows were the service sector, the computer industry, and the telecom industry.[72] India has free trade agreements with several nations and blocs, including ASEAN, SAFTA, Mercosur, South Korea, Japan, Australia, UAE, and several others which are in effect or under negotiating stage.[73][74]

The service sector makes up more than 50% of GDP and remains the fastest growing sector, while the industrial sector and the agricultural sector employs a majority of the labor force.[75] The Bombay Stock Exchange and National Stock Exchange are some of the world's largest stock exchanges by market capitalisation.[76] India is the world's sixth-largest manufacturer, representing 2.6% of global manufacturing output.[77] Nearly 65% of India's population is rural,[78] and contributes about 50% of India's GDP.[79] It has the world's fifth-largest foreign-exchange reserves worth $561 billion.[80] India has a high public debt with 83% of GDP, while its fiscal deficit stood at 6.4% of GDP.[81] India faces high unemployment, rising income inequality, and a drop in aggregate demand.[82][83] India's gross domestic savings rate stood at 29.3% of GDP in 2021.[84] In recent years, independent economists and financial institutions have accused the government of manipulating various economic data, especially GDP growth.[85][86] India's overall social spending as a share of GDP in 2021–22 will be 8.6%, which is much lower than the average for OECD nations.[87][88]

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