

The Political Economy of India's Growth Episodes

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Abstract

This book moves beyond the usual economic analysis of the Indian growth story and provides a fresh perspective on the determinants of growth episodes in post-independence India, based on its political economy. Using a robust and novel technique, the authors identify four such episodes during this period. The first, running from the 1950s to 1992, was mostly characterized by economic stagnation, with a nascent recovery in the eighties. The second, covering the period 1993 to 2001, witnessed the first growth acceleration in the economy. A second acceleration ran from 2002 to 2010. The fourth and final episode started with the slowdown in 2010 and continues to this day. The book provides a theoretical framework that focuses on rent-structures, institutions and the polity, and demonstrates how changes in these can explain the four growth episodes. Kar and Sen argue that the transitions from one growth episode to another can be explained by the bi-directional relationship between growth outcomes and institutional arrangements, and by the manner in which institutional arrangements and their transitions are determined by the political bargains struck between the elite groups in Indian society.