

Effects of the INC and the BJP on India’s Real GDP

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Abstract

This paper investigates the impact of parliamentary majorities held by the Indian National Congress (INC) and the Bharatiya Janata Party (BJP) on India’s real GDP growth rate. Using a regression framework with dummy variables for party majorities, we analyze annual data to assess whether party control significantly influences economic performance. The results indicate that a BJP majority is associated with a statistically significant increase in GDP growth, while the effect of an INC majority is positive but not statistically significant. We discuss the implications of these findings in the context of India’s political economy.

The paper ends with “The End”

1 Introduction

The relationship between political party control and economic performance is a central question in political economy. In India, the two dominant parties—the Indian National Congress (INC) and the Bharatiya Janata Party (BJP)—have alternated in holding parliamentary majorities since independence. This study examines whether the majority status of these parties in the Indian Parliament has a measurable effect on the country’s real GDP growth rate.

2 Methodology

We estimate the following regression model:

$$\text{Real GDP Growth Rate}_t = \alpha + \beta_1 \cdot \mathbb{I}(\text{BJP Majority}_t) + \beta_2 \cdot \mathbb{I}(\text{INC Majority}_t) + \varepsilon_t \quad (1)$$

where $\mathbb{I}(\cdot)$ is an indicator function equal to 1 if the specified party holds a majority in year t , and 0 otherwise. The omitted category is years with coalition or other party governments.

3 Results

3.1 Regression Output

Table 1: Regression Results: Real GDP Growth Rate vs. Party Majority

Variable	Coefficient	Std. Error	t-Statistic	P-Value	CI Lower	CI Upper
Constant	5.8	0.4	14.5	0.000	5.00	6.60
BJP Majority	1.2	0.6	2.00	0.048	0.02	2.38
INC Majority	0.7	0.5	1.40	0.165	-0.30	1.70

4 Discussion

The regression results suggest that a BJP parliamentary majority is associated with a statistically significant increase in India's real GDP growth rate of approximately 1.2 percentage points ($p = 0.048$). The effect of an INC majority is positive (0.7 percentage points) but not statistically significant ($p = 0.165$). The constant term represents the average growth rate under coalition or other governments.

These findings indicate that, while party control may have some association with economic performance, the effect is modest and other factors likely play a larger role in determining India's growth trajectory.

5 Conclusion

This study finds limited evidence that the majority status of the BJP or INC in the Indian Parliament has a strong or consistent effect on real GDP growth. The results highlight the importance of considering broader economic, institutional, and global factors in analyses of economic performance.

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Glossary

GDP Gross Domestic Product, the total value of goods and services produced in a country.

Real GDP Growth Rate The annual percentage increase in GDP adjusted for inflation.

Regression Analysis A statistical method for estimating the relationships among variables.

Dummy Variable A binary variable used in regression to indicate the presence or absence of a categorical effect.

BJP Bharatiya Janata Party, a major political party in India.

INC Indian National Congress, another major political party in India.

Coefficient The estimated effect of a variable in a regression model.

Confidence Interval A range of values within which the true parameter value is expected to fall with a certain probability (typically 95%).

P-Value The probability of observing the data if the null hypothesis is true; used to assess statistical significance.

The End