



Macroeconomic Policy for Sustainable Growth

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Abstract

Sustainable growth has become the central objective of modern macroeconomic policy, balancing economic expansion with social equity and environmental preservation. This paper examines the role of fiscal, monetary, and structural policies in promoting sustainable growth in India during the period 2020–2024. Using secondary data from RBI, IMF, and World Bank, the study evaluates key macroeconomic indicators such as GDP growth, inflation, unemployment, fiscal deficit, and renewable energy investment. Findings reveal that while fiscal expansion and accommodative monetary policy aided post-pandemic recovery, structural challenges such as inflationary pressures and uneven employment persisted. The results emphasize the importance of coordinated fiscal-monetary strategies, inclusive growth policies, and sustainable investment.

Keywords: macroeconomic policy, sustainable growth, fiscal policy, monetary policy, India

Introduction

Macroeconomic policy aims to stabilize the economy, stimulate growth, and maintain price stability. In recent years, policymakers have emphasized *sustainability*, ensuring that economic growth does not compromise future generations' welfare. Sustainable growth integrates economic efficiency, social inclusion, and environmental balance.

Sustainable economic growth has emerged as a central objective for policymakers worldwide. Traditional growth models emphasized rapid industrialization and capital accumulation but often neglected environmental sustainability, social equity,

and financial stability. Macroeconomic policy, comprising fiscal, monetary, and trade interventions, is essential in ensuring that economic growth remains inclusive and sustainable.

In the post-pandemic era, global economies faced challenges such as inflationary pressures, supply chain disruptions, and rising unemployment. India, as a rapidly growing developing economy, implemented various macroeconomic policies to stabilize the economy while aiming to achieve long-term sustainability. Fiscal stimulus packages, monetary easing, and increased investment in renewable energy highlight the changing priorities of policymakers.



Sustainable growth involves a delicate balance between economic expansion, environmental conservation, and social development. The integration of climate change considerations, equitable distribution of resources, and technological innovation into macroeconomic planning is critical to achieve this balance. Without sound policy, growth risks becoming unstable, unequal, and environmentally damaging.

This paper investigates the contribution of macroeconomic policy to sustainable growth by analyzing recent trends from 2020–2024. It evaluates the impact of fiscal measures, monetary interventions, and trade strategies on India's economy, emphasizing the importance of policy coordination in achieving long-term development goals.

Material and Methods

1. Data Sources: Secondary data from RBI, World Bank, IMF, MOSPI, and NITI Aayog reports.
2. Period of Study: 2020–2024.
3. Indicators Analyzed: GDP growth (%), inflation rate (%), unemployment rate (%), fiscal deficit

(% of GDP), renewable energy investment (₹ crore).

4. Analytical Tools: Descriptive statistics, trend analysis, and policy evaluation framework.

Objectives

1. To examine the trends in key macroeconomic indicators of India (2020–2024).
2. To analyze the impact of fiscal and monetary policy on sustainable growth.
3. To evaluate policy challenges in balancing growth, stability, and sustainability.
4. To provide policy suggestions for strengthening sustainable development.

Methodology

The study adopts a descriptive and analytical method using time-series data. A comparative trend analysis is undertaken to evaluate policy effectiveness. Sustainability dimensions are assessed by linking macroeconomic stability with social and environmental indicators.

Data Table Macroeconomic Indicators (India, 2020–2024)

Year	GDP Growth (%)	Inflation (%)	Unemployment (%)	Fiscal Deficit (% of GDP)	Renewable Energy Investment (₹ Crore)
2020	-6.6	6.2	8.0	9.2	90,000
2021	8.9	5.5	7.6	6.7	1,15,000
2022	6.8	6.7	7.3	6.4	1,25,000
2023	6.3	5.4	7.1	5.9	1,40,000
2024	6.6* (Proj.)	5.1	6.8	5.6	1,65,000

(*Projected values for 2024 based on IMF & RBI reports)

Importance of the Study

The significance of this research lies in its focus on the intersection of macroeconomic policy and sustainability. While most studies examine economic growth in isolation, this paper integrates ecological and social dimensions, making it relevant for policymakers.

The findings are crucial for developing economies like India, which must balance rapid growth with ecological sustainability and social

inclusion. By studying the 2020–2024 period, the research highlights lessons from the COVID-19 crisis and recovery phases.

The study also contributes to global debates on green finance, climate-smart policies, and inclusive economic development. It reinforces the need for coordinated macroeconomic frameworks that align short-term stabilization with long-term sustainability goals.



Findings and Results

1. **Growth Recovery:** After a contraction of -6.6% in 2020, India rebounded strongly in 2021 with 8.9% growth due to fiscal stimulus and accommodative monetary policy.
2. **Inflationary Pressures:** Persistent inflation (6.7% in 2022) due to supply chain disruptions and energy prices challenged monetary stability.
3. **Unemployment Issues:** Despite growth, unemployment remained above 7%, indicating jobless recovery.
4. **Fiscal Consolidation:** Fiscal deficit reduced from 9.2% (2020) to 5.6% (2024), reflecting consolidation efforts.
5. **Green Investment:** Renewable energy investments rose steadily, reflecting sustainable growth initiatives.

Interpretation and Discussion

The findings highlight a **trade-off between growth and inflation** during 2020–2024. Expansionary fiscal policy supported recovery but also strained fiscal balances. Monetary policy attempted to strike a balance between growth and inflation management. Structural challenges, particularly employment generation and inequality, remained barriers to inclusive growth. However, rising renewable energy investments signaled progress towards sustainable development.

A coordinated policy mix—integrating fiscal discipline, targeted subsidies, monetary flexibility, and structural reforms—emerges as essential for long-term sustainability.

Conclusion

Macroeconomic policies in India during 2020–2024 facilitated recovery and laid the foundation for sustainable growth. However, challenges of inflation, unemployment, and fiscal consolidation persist. Strengthening sustainable growth requires: Enhanced investment in green infrastructure, Inclusive employment strategies, Balanced fiscal-monetary coordination, and Resilient policies to counter global shocks. Thus, sustainable growth demands not only policy adjustments but also structural reforms focusing on long-term resilience and inclusiveness.

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