Does Economy Matter for Public Support for Environmental Protection?
Evidence from India

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Does Economy Matter for Public Support for Environmental Protection?  
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Abstract

Previous research in advanced economies, especially in the U.S., shows that public concern and support for environmental protection at the expense of economic growth wanes during unfavourable macroeconomic conditions. Since the economic downturn that started in 2010-2011, India has seen a strong public discourse that suggests that excessive environmental regulations, by delaying and obstructing new investment projects, have been hampering economic growth. In this paper, assuming that such a public discourse influences public opinion, we hypothesize that public support for environmental protection reduces during the economic downturn, relative to the period when the economy is on a growth trajectory. Controlling for other individual characteristics, we test this hypothesis, using pooled data from two waves (2006, representing period of economic boom and 2014, representing economic downturn) of World Values Survey. Our results support our hypothesis: there is a shift in terms of greater support for economic growth over environmental protection between 2006 and 2014. We also find that pro-environmental value orientations have a strong influence on public support for environmental protection. We discuss the implications of our results to environmental policy in India.
Introduction

The perceived trade-off between economic growth and environmental protection has been an ongoing debate, in particular, in developing economies. This debate has been acute in India since the slowdown in the country’s growth of gross domestic product (GDP) since 2011-2012. Whether excessive environmental regulations are responsible for the slowdown in GDP growth has been a point of considerable discussion at the highest levels of government and industry. While the industry claims that excessive regulations are primarily responsible for the slowdown in economic growth, the environmentalist claim that the business-government nexus is promoting GDP growth at the expense of environmental protection. In fact, a leaked report by India’s Intelligence Bureau (equivalent to Central Intelligence Agency of the United States) in mid-2014, immediately after the formation of the new government, had claimed that activism of foreign-funded non-governmental organizations (NGOs) such as Greenpeace had a negative impact on economic growth.\(^1\)

While this debate on economic growth vs. environmental protection rages on at the highest levels of government, industry, and organized environmental groups, little is known regarding the preferences of general public regarding this perceived trade-off. Previous research, carried out mostly in developed countries, has shown that macroeconomic conditions significantly influence public support for environmental protection. In particular, this research shows that environmental protection takes a backseat during recessions and, generally, unfavourable economic conditions.

In this paper, we use data from two waves of World Values Survey (WVS) – one during the time of improving economic growth trajectory in India (2006) and the other when there were strong concerns regarding the slowdown of economic growth (2014) – to test whether

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macroeconomic conditions affect support for environmental protection in India. Our findings are largely consistent with research in other countries: even after controlling for a variety of individual economic, psychological, and demographic characteristics that affect support for environmental protection, unfavourable economic conditions negatively affect public support for environmental protection.

**Previous Research**

*Empirical Literature*

The determinants of public support for environmental protection has been mostly studied in the context of the United States (U.S.). This is partly because of the availability of long time-series public opinion data on environmental issues collected in the General Social Survey (GSS). While there is a vast research on the individual determinants of support for environmental protection (e.g., Torgler and Garcia-Valiñas, 2007; Aklin et al., 2013), relatively fewer studies examine the influence of macroeconomic conditions. Using GSS data for 1973-1990, one of the first such studies (Jones and Dunlap, 1992) tests, what it terms as ‘economic contingency’ hypothesis, which suggests that during poor macroeconomic conditions, economically disadvantaged public prefer economic growth over environmental protection. The study finds no compelling evidence for the economic contingency hypothesis.

Elliott and colleagues (Elliott et al., 1995; Elliott et al., 1997) use GSS data to test the relationship between public support on spending for environmental protection and macroeconomic condition. In the first study (Elliott et al., 1995), they combine GSS data with Roper surveys to test the hypothesis that public support for environmental spending tends to be higher during good economic times than during unfavourable economic conditions. Using aggregate data (as opposed to individual level data), they find that real per capita disposal income of the country (an indicator of the state of the economy) has a positive impact on the
percentage of people supporting greater spending on environmental protection. In addition, media coverage of environmental issues also has a strong influence on public support.

In the second study, using the GSS data for a slightly longer time period (1974-1991) and using individual-level data, Elliott et al., (1997) find evidence that public support for spending on environmental protection increases during the years of economic boom and wanes during recessions. This paper uses year dummies to account for macroeconomic conditions in the U.S. and controls for a variety of personal economic, attitudinal, and demographic variables. Conroy & Emerson (2014) extend this work by examining the GSS data for 40 years (1974-2012) and confirms previous evidence that during unfavourable economic conditions (measured as recessions, high unemployment, or lower GDP growth) the U.S. public support for spending on environmental protection decreases. Finally, Greenberg (2004) analyses Gallup poll data for the U.S. and the state of New Jersey and finds that the percentage of people choosing environmental protection over economic growth falls when the unemployment rate is higher, although the overall concern for the environment remains relatively high.

Outside of the U.S. context, Harring et al., (2011) studies if subjective evaluations of the state of the economy in Sweden affects public concern (as opposed to public support) for the environment. The study finds that both positive perceptions of economic conditions and greater media coverage of environmental issues have positive influence on public environmental concern.

Another stream of research that is relevant is the recent interest in understanding the decline in support for a number of issues related to climate change, including support for climate change mitigation policies, in spite of the increasing scientific consensus on anthropogenic climate change. This literature broadly suggests that unfavourable macroeconomic
conditions, such as low GDP growth rates and high unemployment rates have strong influence on decreases support for climate change mitigation. Kahn and Kotchen (2010) study U.S. state and county level public concern and support for climate change policy during 2008-2010 (when the financial crisis is at its peak) using a variety of data sources (public opinion surveys and Google Insight keyword search results) and generally finds that higher unemployment rates in the relevant geographic unit (i.e., state or county) reduce support for government intervention in climate change mitigation.

The study by Scruggs and Benegal (2012) in the U.S. and Europe focuses on the relationship between unemployment rates and beliefs regarding climate change. In the U.S. public opinion surveys, both the aggregate level analysis and individual level analysis reveals that higher unemployment rates are related to lower support for beliefs on whether there is solid evidence that the earth is warming. It is interesting that high unemployment affects the basic beliefs regarding the very existence of global warming. Another study in the European Union countries tests whether GDP per capita of a country affects the percentage of respondents, who are “very worried” about climate change (Shum, 2012) and finds strong effect: higher the per capita GDP of the country higher the worry regarding climate change.

The next sub-section reviews the theoretical literature that explains the relationship between macroeconomic conditions and individuals’ support for environmental protection.

Theoretical Literature

What is the theoretical explanation for the relationship between macroeconomic conditions and public support and/or concern for environmental protection? Some studies use the theoretical insight developed by Durr (1993) while explaining the shift in American domestic policy sentiments over time. The main thesis is that when American people have expectations of a strong economy, they tend to prefer liberal policies and prefer conservative policies
when they expect the economic conditions to worsen. Durr (1993) arrives at this based on the assumption that liberal policies (e.g., poverty alleviation, environmental protection) typically require government spending and hence are more likely during strong economic conditions, when public are more willing to support government spending. Thus environmental policy being a liberal policy preference, is more likely to find public support during strong economic conditions.

Another theoretical explanation is provided within the net expected utility framework (Shum, 2012). In the context of economic conditions vs. environmental protection debate, this framework assumes that environmental protection imposes costs, leading to short-run loss in income and consumption, but at the same time spending on environmental protection ensures long-term security by preserving the environment and natural resources. The public preference for environmental protection is a reflection of this trade-off. Thus it is likely that during unfavourable economic conditions, people are more concerned regarding the short-run loss in income and consumption than the long-run benefits of environmental protection.

Finally, some speculate on an explanation based on media’s role (Kahn & Kotchen, 2010). According to this, to the extent that one assumes that media plays a strong role in shaping public opinion, public support might be a function of media coverage for various issues. For example, during recession in 2008 and 2009 in the U.S., the coverage of unemployment news shot up considerably while news on the environment and climate change reduced sharply (Kahn & Kotchen, 2010). In the context of India, this explanation is likely to be most relevant.

**Research Hypotheses**

The period during the mid to late-2000s, the Indian economy grew at rates that are comparable with that of China. The country achieved more than 9% annual GDP growth for
three consecutive years from 2005-2006 to 2007-2008. After a brief decline during the global financial crisis in 2008, the country continued to follow a growth trajectory until around 2010-11 (Figure 1).

Coinciding with the declining growth rate, since late 2010, there has been an intense debate on whether environmental regulations, in the form of environmental and forest clearances for large industrial projects are creating impediments to economic growth. In 2011, top industry leaders and other political elites had published two “Open Letters to Leaders” (one on 11 January 2011 and the other on 3 October 2011) that were widely circulated and discussed in print as well as electronic media. One of the major concerns raised, along with corruption, is the slow pace of environmental clearances suggesting “an impasse on environmental clearances which continues to delay several investment proposals and hamper economic growth.” A year later, in October 2012, a widely circulated weekly print magazine, India Today, ran a cover story titled “Green Terror: Outdated Environmental Laws and Inflexible Ministers Strangle Indian Economy” which carried interviews of top industry leaders on how environmental and forest regulations are hampering economic growth.

These instances exemplify the strong narrative in the media during the economic slowdown on how environmental regulations are conflicting with economic growth. Although some environmental groups created a counter narrative (see for example, the response letter of the Centre for Science and Environment to the open letter of industry leaders), the narrative that

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the country is sacrificing economic growth at the expense of environmental protection is generally the more dominant narrative⁶.

More generally, research shows that media has the greatest influence in shaping public opinion regarding environment and sustainability issues in India (Nambiar, 2014). Employing a qualitative research methodology, which includes open-ended interviews and analysis of media stories in leading newspapers, this research concludes that the excessive focus of media on dramatizing sustainability issues “…[] tend to swiftly polarize issues along well-worn battle line between environment and development thus preventing dialogue and negotiation and public involvement (Nambiar, 2014: 233).”

Based on the theoretical insights from the media influence explanation, we expect that the dominant narrative pitting environmental regulations against economic growth in 2014 reduces the support for environmental protection, relative to the times when the Indian economy was on a high GDP growth trajectory. This is the main hypothesis we test using data from two waves of World Values Survey.

In our model, based on previous literature, we include a number of other explanatory variables that affect public support for environmental protection. Political ideology of individuals has consistently been found to be related to support for environmental protection: liberals are more likely than conservatives to support environmental protection (e.g., Dunlap et al., 2001; Neumayer, 2004; McCright, 2011). This is likely the case in theory because conservative ideology is generally sympathetic, for example, to free enterprise and less government whereas environmental protection requires imposing costs on industry as well as significant government intervention in the form of environmental regulations. The converse is

⁶ This is a slightly speculative claim – a more data-driven analysis that, for example, examines the newspaper coverage in favour of and against the dominant narrative will be required to establish this more concretely.
true with liberal ideology, which actively seeks State intervention in free markets (Dunlap et al., 2001).

We also include individuals’ value orientations as an explanatory variable. Extensive research on pro-environmental behaviour in environmental social psychology shows that value orientations affect pro-environmental behavioural intentions and behaviours. In particular, value-belief-norm theory (VBN) hypothesizes that strong **self-transcendent value orientations**, directly as well as indirectly through beliefs and personal norms, positively influence pro-environmental actions, including support for environmental protection (Stern, 2000). Previous research that relates macroeconomic conditions to public support for environmental protection did not include this as an explanatory variable.

We include a number of other personal economic and demographic variables as explanatory variables, based on previous research, including employment status, subjective financial satisfaction, gender, age, educational attainment, income, and number of kids (e.g., Elliott et al., 1997; Klineberg et al., 1998; Conroy & Emerson, 2014). Unemployed are less likely and people who are satisfied with their financial situation are more likely to support environmental protection over economic growth. Young, educated, high-income females are more likely than their counterparts to express support for environmental protection.

**Empirical Strategy**

**Data**

We use India data from two waves of the World Values Survey (WVS) – 2006\(^7\) and 2014\(^8\). Following our interpretation of Figure 1, we assume that 2006 represents the period of economic boom and 2014 represents period of economic downturn. The 2006 survey was

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\(^7\) Available from [http://www.worldvaluessurvey.org/WVSDocumentationWV5.jsp](http://www.worldvaluessurvey.org/WVSDocumentationWV5.jsp), last accessed on 30 March 2015

\(^8\) [http://www.worldvaluessurvey.org/WVSDocumentationWV6.jsp](http://www.worldvaluessurvey.org/WVSDocumentationWV6.jsp)
conducted during December 2006 – January 2007 period in 18 of the 28 states in India, representing 97% of Indian population. For this survey, 2354 households were randomly selected, of which 2001 questionnaires are complete and available for analysis, for a response rate of 85%. The 2014 survey was conducted during March – April 2014. This survey initially selected 6781 households randomly and collected 1581 completed questionnaires, after accounting for untraceable addresses and refusals by households to get interviewed, for a response rate of 23%. We pool the two sets of data for our analysis.

Variables

Our dependent variable is support for environmental protection. We use the following question from WVS to construct a measure for our dependent variable. The same question wording is used in both years.

*Here are two statements people sometimes make when discussing the environment and economic growth. Which of them comes closer to your own point of view?*

*Protecting the environment should be given priority, even if it causes slower economic growth and some loss of jobs*

*Economic growth and creating jobs should be the top priority, even if the environment suffers to some extent*

We eliminated responses on the other two options – Don’t Know and Other Answer. In the regression analysis, our dependent variable is a binary variable which takes a value of 1 if the respondent chooses the first statement (“protecting the environment should be given
priority”) and 0 if the respondent chooses the other statement (“economic growth top priority”).

Political ideology is measured on a scale of 1 to 10 with 1 representing extremely liberal and 10 representing extremely conservative. WVS uses Schwartz’s scale (Schwartz, 1994) to measure value orientations. Schwartz classified value orientation into ten types, of which universalism and benevolence are classified under self-transcendent value orientations. In WVS, the value orientation “protecting the environment” is used as a measure for universalism and “helpful to people” for benevolence. We add the responses on these two questions to measure the variable representing self-transcendent values. Appendix 1 has a description of all the variables used in the survey, including the question wording, which is identical in both surveys, unless specified otherwise.

Analysis

Our main hypothesis is that support for environmental protection over economic growth would be lower in 2014 during economic downturn relative to 2006, when the economy was on an upward growth trajectory (see Figure 1). To test this hypothesis, we initially examine the bivariate relationship (chi-square test using two way contingency tables) between support for environmental protection and the year of survey. In the multivariate analysis that controls for other explanatory variables, we fit logistic regression, since our dependent variable is a binary variable, which takes a value of 1 if the respondent chooses environmental protection over economic growth and 0 for any other response. Following previous research (Elliott et al., 1997), we use year dummy as a proxy for economic conditions. This dummy variable takes a value of 1 if the year is 2014 and 0 if it is 2006. After controlling for other explanatory variables, our main hypothesis is supported if the coefficient on this dummy variable is negative.
Results

Before presenting our regression results, we first conduct a bivariate analysis to test whether support for environmental protection over economic growth reduced in 2014 relative to 2006 in India. Table 2 shows the contingency table with rows representing the respondents’ preference between economic growth and environment and columns representing the year of survey, which is our proxy for macroeconomic conditions.

The table indicates that there is a clear shift in public preference for environmental protection over economic growth between the two years. In 2006, while 52% have a clear preference for environmental protection, only 35% have clear preference for economic growth. This reverses in 2014, when the percentage favouring environmental protection is only 36.2%, relative to a much larger proportion (49.3%) with a clear preference for economic growth. That is, in this case, there is not only a clear increase in the percentage of public favouring economic growth, but also a clear drop in the proportion preferring environmental protection. This is reflected in the chi-square test, which is statistically significant ($\chi^2=80.4$, $p<0.01$).

Regression Results

We report results from our logistic regression, where the dependent variable is a binary variable that takes a value of 1 if the respondent choose environmental protection over economic growth and 0 otherwise.

Table 3 shows that even after controlling for several other explanatory variables, the year of survey is statistically significant. The year dummy takes a value of 1 for 2014 and 0 for 2006. The negative coefficient on the year dummy signifies that the log odds of choosing environmental protection over economic growth are lower in 2014, relative to 2006. Interpreting this in terms of odd ratio, the odds of an average respondent choosing environmental protection over economic growth is around 48% lower in 2014 relative to
2006, after controlling for other explanatory variables in the model. This is consistent with our hypothesized direction of change between 2006 and 2014 and confirms the results of the bivariate analysis.

Among the other explanatory variables, self-transcendent value orientation is strongly and positively associated with support for environmental protection over economic growth. In other words, people with strong self-transcendent value orientations are more likely to support environmental protection over economic growth, all else equal. This is consistent with a great deal of research in environmental psychology on values driving pro-environmental behaviours (e.g., Karp, 1996; Stern et al., 1999; Schultz et al., 2005). This variable is often not taken into account in the empirical research that hypothesizes a relationship between support for environmental protection and macroeconomic conditions. The strong association in our study suggests a need for including this variable.

None of the other independent variables, surprisingly, are statistically significant. We expected personal financial situation to affect the preference for environmental protection over economic growth but neither being unemployed nor being unhappy with financial situation affects the preference for environmental protection. More surprisingly, political ideology, which is consistently found to be related to support for environmental protection, is not statistically significant although the relationship is in the expected direction – conservatives are less likely to support environmental protection, relative to liberals. This might be related to the inability of Indian public to self-identify themselves on the ideological spectrum. Alternative measures of individuals’ political ideology might clarify if this is the case. None of the demographic characteristics is statistically significant either.

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10 The average respondent in the surveys is very close to centre (mean of 4.4 in 2006 and 5 in 2014 on a scale of 1 to 10). This suggests either that the average respondent is truly a centrist or that most respondents choose the mid value of the scale since they were not sure where their ideology falls.
Discussion and Implications

Our results, consistent with results from the U.S. and Europe, show that public support for environmental protection reduces during unfavourable macroeconomic conditions. India’s economic downturn since late 2010-2011 appears to have prompted a clear shift in public preference towards economic growth at the expense of environmental protection. In the context of a developing country, such as India, our results are not surprising. The empirical literature reviewed earlier in the paper shows that even in post-materialist countries, public opinion on environmental issues is affected by the vagaries of the economic conditions, as evidenced by the declining support for climate change mitigation in the U.S. and Europe. In developing countries, still afflicted by significant levels of poverty and underdevelopment, it is not surprising that unfavourable macroeconomic conditions reduce support for environmental protection over economic growth.

However, low support for environmental protection during economic downturn is potentially problematic from the perspective of ensuring environmentally sustainable development. India is already suffering from severe environmental degradation. For example, according to the Environmental Performance Index in which countries are ranked based on the status of environmental health and ecosystem vitality, India is ranked 155 out of 178 countries in 2014. India’s capital, Delhi, is among the worst polluted cities in the world and according to some estimates, the cost of environmental degradation in India is anywhere between 2.6% and 8.8% of GDP (World Bank, 2013). These figures suggest that India cannot ignore environmental protection even as it develops policies that favour economic growth. However, poor public support for environmental protection can (i) provide opportunities for groups that benefit from pro-growth policies to lobby policy makers to prioritize pro-growth policies at

\[^{11}\text{http://epi.yale.edu/epi/country-rankings}, \text{last accessed on 7 April 2015}\]
\[^{12}\text{http://blogs.wsj.com/indiarealtime/2015/03/12/the-problem-with-delhis-air-pollution-readings/}, \text{last accessed on 6 April 2015}\]
the expense of environmental protection and (ii) make it more difficult for environmental groups to mobilize support for stronger environmental regulations.

Our hypothesis is based on the assumption that strong public discourse, in particular the media coverage, which pits environmental protection against economic growth influences public opinion on the growth vs. the environment debate. In particular, such a discourse during economic downturn reduces support for environmental protection. We do not test this assumption because of data limitations. Testing this assumption can provide stronger theoretical insights on the relationship between macroeconomic conditions and public support for environmental protection.
Table 1 Descriptive Statistics of Samples

<table>
<thead>
<tr>
<th>Variable</th>
<th>Range</th>
<th>Mean (Std. Dev.)</th>
<th>2006 (n=2001)</th>
<th>2014 (n=1581)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of children</td>
<td>0 to 8</td>
<td>2.6 (1.7)</td>
<td>1.8 (1.7)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with financial situation of household</td>
<td>1 to 10</td>
<td>5.3 (2.3)</td>
<td>4.9 (2.7)</td>
<td></td>
</tr>
<tr>
<td>Self-transcendent Values*</td>
<td>2 to 12</td>
<td>9.4 (2.1)</td>
<td>8.3 (2.5)</td>
<td></td>
</tr>
<tr>
<td>Political Ideology</td>
<td>1 to 10</td>
<td>4.4 (2.9)</td>
<td>4.9 (2.5)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0 and 1</td>
<td></td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>Continuous</td>
<td>41.3 years (14.7)</td>
<td>39.9 years (14.4)</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>1 to 7</td>
<td>4.5 (3.1)</td>
<td>4.0 (2.3)</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>1 to 10</td>
<td>3.7 (2.1)</td>
<td>4.5 (2.5)</td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>0 and 1</td>
<td>7%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

* Recoded to ensure that higher values represent stronger orientation

Table 2 Contingency Table for Economic Growth vs. Environmental Protection and Year

<table>
<thead>
<tr>
<th>Year of Survey</th>
<th>2006</th>
<th>2014</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting Environment</td>
<td>747 (52.46)</td>
<td>572 (37.14)</td>
<td>1,319</td>
</tr>
<tr>
<td>Economic Growth over Environment</td>
<td>499 (35.04)</td>
<td>779 (50.58)</td>
<td>1,278</td>
</tr>
<tr>
<td>Other Answer</td>
<td>178 (12.5)</td>
<td>189 (12.27)</td>
<td>367</td>
</tr>
<tr>
<td>Total</td>
<td>1,424</td>
<td>1,540</td>
<td>2,964</td>
</tr>
</tbody>
</table>

Note: The numbers in parenthesis are column percentages.
Table 3 Logistic Regression Results

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Std. error</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year_2014</td>
<td>-0.695</td>
<td>0.102</td>
<td>-6.83***</td>
</tr>
<tr>
<td>Political Ideology</td>
<td>-0.018</td>
<td>0.017</td>
<td>-1.08</td>
</tr>
<tr>
<td>Self-transcendent</td>
<td>0.12</td>
<td>0.019</td>
<td>6.15***</td>
</tr>
<tr>
<td>Values</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.003</td>
<td>0.0033</td>
<td>-0.90</td>
</tr>
<tr>
<td>Education</td>
<td>-0.0134</td>
<td>0.018</td>
<td>-0.73</td>
</tr>
<tr>
<td>Male</td>
<td>0.131</td>
<td>0.092</td>
<td>1.42</td>
</tr>
<tr>
<td>Income</td>
<td>-0.0323</td>
<td>0.0198</td>
<td>-1.64</td>
</tr>
<tr>
<td>Unemployed</td>
<td>-0.062</td>
<td>0.156</td>
<td>-0.40</td>
</tr>
<tr>
<td>Personal Financial</td>
<td>0.0013</td>
<td>0.0175</td>
<td>0.08</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Kids</td>
<td>0.0196</td>
<td>0.0284</td>
<td>0.69</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.56</td>
<td>0.293</td>
<td>-1.91**</td>
</tr>
</tbody>
</table>

Note: Likelihood ratio $\chi^2 (11) = 146.85 \ (p<0.01)$; Pseudo $R^2 = 0.047$; n=2297
*** p<0.01 and ** p<0.05

Figure 1: India’s GDP growth rate during 2000-2001 to 2013-2014
(Source: Reserve Bank of India)
REFERENCES


