

Pestle analysis of india in five steps

Business



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India, officially known as the Republic of India, is the seventh largest country by area, and the second most populous in the world with more than 1.2 billion people. Attaining independence in 1947, the South Asian country is known for its cultural diversity and is also among the world's leading democratic countries.

For the past decade or so, India has been experiencing a constant growth in its GDP, along with a continuous growth of liberalization from 1991 till date. The country has also been opening its doors to attract investors and foreign companies to further promote growth. To get a better understanding of the business environment in India, read on, as we analyze it through the PESTLE analysis of India.

What is Pestle Analysis?

It's basically a framework used for scanning and analyzing an organization's external macro environment by considering factors which include political, economic, socio-cultural, technological, legal and environmental. Read more about PESTLE analysis here.

1. Political Factors

Being one of the largest democracies in the world, India runs on a federal form of government. The political environment is greatly influenced by factors such as government's policies, politician's interests, and the ideologies of several political parties. As a result, the business environment in India is affected by multivariate political factors. The taxation system is well-developed and several taxes, such as income tax, services tax and sales

tax are imposed by the Union Government. Other taxes, such as octroi and utilities, are taken care of by local bodies. Privatization is also influenced and the government encourages free business through a variety of programs.

2. Economic Factors

The economy of India has been significantly stable, since the introduction of the industrial reform policies in 1991. As per the policy, reductions in industrial licensing, liberalization of foreign capital, formation of FIBP and so on, has resulted in a constant improvement of India's economic environment. The country registered a GDP of \$5. 07 trillion in 2013 following a further improved GDP growth rate of 5% in 2014 as compared to 4. 35% in 2013.

3. Social Factors

The social factors refer to any changes in trends which would impact a business environment. For instance, the rise in India's ageing population is resulting in a considerable rise in pension costs and increase in the employment of older workers. India has a population of more than 1. 2 billion people with about 70% between the ages of 15 and 65. Therefore, there are structures with percentages according to age. These structures contain varying flexibility, in education, work attitudes, income distribution, and so on.

4. Technological Factors

Technology significantly influences product development and also introduces fresh cost-cutting processes. India is served with both 3G and 4G technology <https://assignbuster.com/pestle-analysis-of-india-in-five-steps/>

which has facilitated several of their technological projects. Furthermore, the country also possesses one of the strongest IT sectors in the world, promoting constant IT development, software upgrades and other technological advancements. Recently, India has also attempted to launch their satellites into space.

5. Legal & Environmental Factors

In the recent past, a number of legal changes have been implemented in India, such as recycling, minimum wage increase and disability discrimination, which has directly affected businesses there. However, when it comes to environment, the quality of air in India has been adversely affected by industrialization and urbanization, also resulting in health problems. As a result, there have been establishments of environmental pressure groups, noise controls, and regulations on waste control and disposal.

So, here is the PESTLE analysis of India, which will provide you with a detailed analysis of the four significant factors that affect its external macro environment.

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