



TRENDS IN GDP GROWTH AND LABOUR MARKET- SINCE 1970s

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INTRODUCTION

India is the second largest populated country in the world. Also we are having the second largest labour force in the world with more than 52 crores. But it is a widely accepted fact that India is experiencing a moderate economic growth in our GDP over the last five decades. One of the main reasons behind this economic growth is the implementation of economic reforms in India during the year 1991. The present study analyses the nature of GDP growth and the structure of transformation of the labour force from the agriculture sector to other sectors like industry and Information Technology in the service sector. Transformation of the labour force from the agriculture sector to other sectors is not because the agriculture sector is losing its importance but because of the influence of globalisation and changing structure of education. Scenes from independence onwards there is always a continuous flow of labour force from the agriculture sector to other sectors. At present (year 2020) 41.49% of the workforce are employed in the agriculture sector in India. It was 51.52% in 2010 and 68.7 % in 1981. All this data shows a continuous movement of people from the agriculture sector to other sectors.

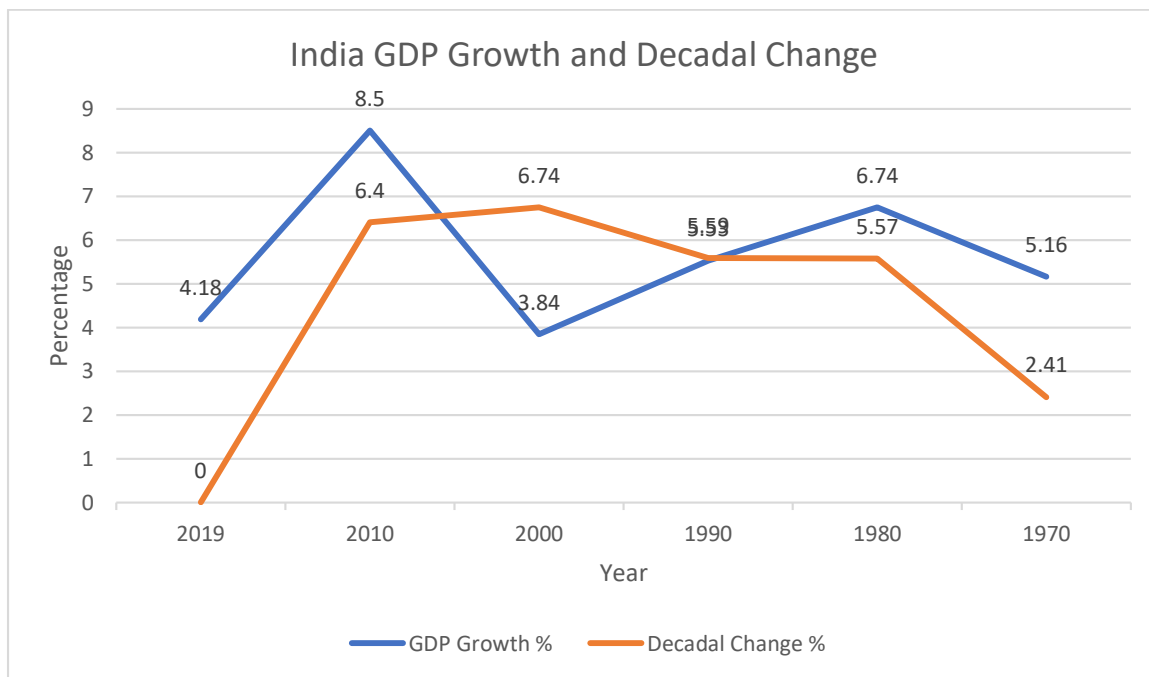
DECADAL GDP GROWTH AND AVERAGE DECADAL CHANGE OF GDP (1970-2019)

The data regarding GDP growth rate from the year 1970s to 2019 shown in the table below. It shows an uneven growth in GDP and no perpendicular growth over these years . ie. In 1970 the GDP growth was 5.16 %. But in the year 2010 India had 8.50% GDP growth. If we analyse the decadal change the trends show a perpendicular growth over the years except over the period 1970-79.

Table.1

India GDP Growth and Decadal Change		
Year	GDP Growth (%)	Decadal change (%)
2019	4.18	-
2010	8.50	6.40 (2010-19)
2000	3.84	6.74 (2000-09)
1990	5.53	5.59 (1990-99)
1980	6.74	5.57 (1980-89)
1970	5.16	2.41 (1970-79)

Source: World Bank Report 2020

Figure. 1

Source: World Bank Report 2020

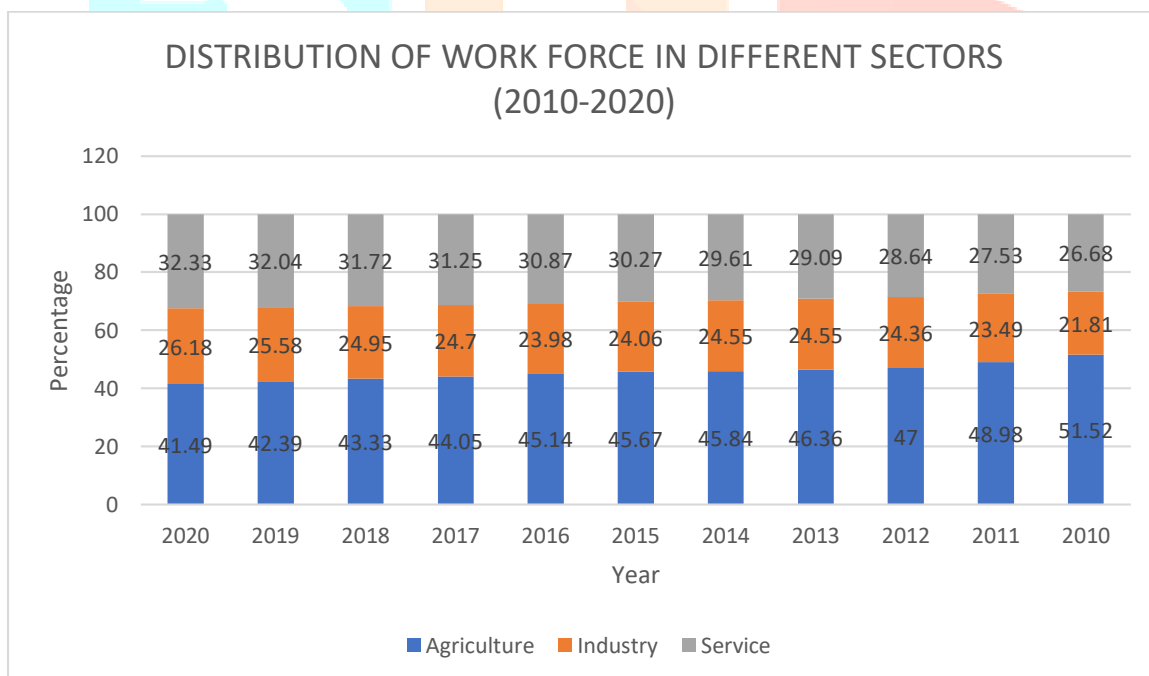
CONTRIBUTION TO GDP -SECTOR WISE

In India a major structural change has occurred in the agriculture sector since independence. It is the decline of share of GDP in the agriculture sector for 1950-51 to 2020-21. A controversial fact is that the declining trend of the agriculture sector to the GDP has not been at-par with an equal declining trend in employment in the agriculture sector. Even today the agriculture sector is the largest employment provider in the country. In 2020 according to a recent survey 41.49% of the total population are employed in the agriculture sector alone. Industrial sector and service sector accounts 26.18% and 32.33% of the total population respectively. The table below shows the distribution of workforce among the three major sectors of the economy. The trends in the agriculture sector shows a decline of around 10% of the work force in the total population. But the Industry and Service sector shows an increasing trend in the labour force with nearly 6% growth in each sector.

Table. 2

DISTRIBUTION OF WORK FORCE IN DIFFERENT SECTORS (2010-2020)			
Year	Agriculture (%)	Industry (%)	Service (%)
2020	41.49	26.18	32.33
2019	42.39	25.58	32.04
2018	43.33	24.95	31.72
2017	44.05	24.70	31.25
2016	45.14	23.98	30.87
2015	45.67	24.06	30.27
2014	45.84	24.55	29.61
2013	46.36	24.55	29.09
2012	47.00	24.36	28.64
2011	48.98	23.49	27.53
2010	51.52	21.81	26.68

Source: Statista 2021

Figure. 2

Source: Statista 2021

DECADAL-SECTOR WISE CONTRIBUTION TO GDP (1970-2019)

In India the largest contributor to GDP is the Service Sector. It contributes more than 50% of the total GDP of the country. Declining share of Agriculture sector in GDP and increasing the share of Industry and Service sector in GDP shows the economic growth of a nation. If we analyse the trend of sectoral contribution to GDP, India shows a developing pattern.

Table. 3

DECADAL-SECTOR WISE CONTRIBUTION TO GDP (1970-2019)			
Year	Agriculture Sector	Industry Sector	Service Sector
2019	14.65	30.19	55.16
2010	18.21	27.16	54.64
2000	23.02	26.00	50.98
1990	29.02	26.49	44.18
1980	35.39	24.29	39.92
1970	41.95	20.48	37.22

Source: Ministry of Statistics and Programme Implementation (January 2021)

LABOUR FORCE PARTICIPATION RATE

It is the rate of the working population in a country between the age group 15-65 years. People who are below the age group of 15 years and age group over 65 years are normally termed as dependent population. The growth of the nation can be analysed by looking at the labour force participation. Developed nations are having a high rate of labour participation.

According to the CEIC report 2020 the labour force participation rate in India is 49.20% of the total population. It was 57.50% in the year 1990. But India is having a huge disparity in labour force participation rate between men and women. At present women labour force participation rate is 19.9 % as compared to 76 % for men.

Conclusion

India is a country with volatile GDP growth over the past five decades. India also witnessed moments of people engaged in the agriculture sector to other sectors like industry and service sectors. Moreover it may be a forceful movement of people because it is difficult to find a secured job opportunity in the agriculture sector as compared to other sectors. Nowadays both the Central and State governments are promoting the service sector specially the IT sector with an intention that more people can be absorbed in the IT sector in order to reduce unemployment rate in the country. From the above data analysis comes the conclusion that India is having structural changes in labour market and employment opportunities over the past five decades.

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