



Tricky Growth

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Abstract: India is facing a very strange situation whereby it wants to take the growth to higher level to cause prosperity so that revenue could affect the lives of the people trapped in the low income and poverty. But the fact the human development is lacking very badly. The economy is craving for structural reforms in agriculture and industrial sector. Enough has been done in the corporatization which is keeping the upper echelon in good conditions but could not do sufficient for who are not contributing towards the economic development as much as expected from them. Therefore inclusive development is called for changing the growth strategy.

Keywords: agriculture, industrial sector, growth strategy

I. INTRODUCTION

Immediate after liberalization the efforts were made to take the economy to higher and higher growth path never feeling that it would stop under 10 percent. On the other hand China could touch it to around 13 percent. Starting with low base the 1990s reforms continued to give support to the growth but going forward the growth was resisted by stereo style of working. Until the same thing done differently there are little chances get more out of it. The four factors of production as it is always the case with every economy but it is not possible to enjoy all the four factors of production as much as these are wanted. Law of opportunity cost operates at every level. Population at one stage grows go up to peak and then decline. Land magnitude is same but how much productive it can be made is the point deserve attention. Similarly at low level of income the capital inadequacy is also felt. In 1991, the first time big reforms opened the avenues for investment which was restricted or blocked and in a way there was stimulus on all sides leading to spurt in growth. Difference in the growth continued to widen and every concomitant factor continued to shine. There was spurt in jobs, infrastructure acquired some prominence and investment spiraled visible in capital formation growing year after year. One factor which should have not gone out of the trajectory was growth in population which has been increasing at almost the same rate as before and it has specific reason. Till there was income growth of the population at lower strata, which had not come through the efforts made so far the population growth was not impeded. Since, the people were not assured of the income good enough to meet the cost of living the population explosion kept taking place. Generally the economic expansion goes in the direction which is to come through. While the avenues for investment were opened it was not expected to be calibrated with employment growth. Employment can be generated not through random process but in calibrated manner that too with systematic planning of the educational system. Before 1991 reforms education system was predominantly ruled by the public sector and with the passage of investment, educational system was shared by the private sector as it was at par with the industries because of the profit giving nature. The restrictions were nominal and no stringency was fixed in creating an educational institution. By chance the nature of the economy began to be so changed in the outlook, the government also deviated from throwing a total weight on social sector because different priorities like infrastructure creation attracted the massive funds. In post independence it was the quantity of the institutions which was bothersome and now it is the quantity of students which was the focus not quality. The revenue began to transit to capital post reform. Government paid attention to construct buildings but there was dearth of revenue to pay to the employees. In case private sector has occupied the space government could not force them to produce what is needed for good and balanced economic growth. Therefore for the first time after reforms the private sector began to gain importance as much as the public sector presence has also seen perceptible diminishing. There is clear cut divide between urban and semi-urban and semi-urban to rural because all regions could not be lifted together. Some pockets get priorities and others do not. The government is struggling to fill the gaps generated but the way the regions are developed with pertinent focus and the government providing lip services to who have been left behind are resulting in more of wastage rather some appreciable success. Over the years the allocation to revenue expenditure is taking top priority and remaining along with borrowing goes to capital expenditure. The rate of urbanization which has grown significantly is caused by the people who are desperate to live in cities finding charmless life in rural areas. Those who are left in rural areas are struggling with their livelihood merely. It is the case because so long as people are fully absorbed in their

full time work, they have more leisure time including there is pressure on fertility. As the people are moving into urban spaces they are finding the life too difficult with the income they are getting according to their productivity and hence there is a perceptible fall in population among them. Space, nature of profession and women employment are the deciding factor of the growth of the population. Despite of the efforts made during last three decades there is very little improvement in educational and vocational aptitude of the people and perhaps it is one of the important reasons that informal sector growth is puzzling. The government intervention in the farm laws in recent times is being resisted by the same farmers who are the victims of low income. The government intention is to pull back the people from the agriculture because it is for sure that people sitting in the farms are not contributing in the GDP as they are expected to. Land acquisition is faced with the protests by the same farmers because they do not want to part with the assets on which their life is dependent. The farmer laws were the last weapon in armory which have been amended to make the cropping productive so that people do not depend on agriculture unwantedly. During the last few years , while there was little focus on improving the education in rural areas and without incentives the people also do not tend to acquire theoretical education without practical exposures, the people from villages began to move out of the space they were occupying in rural areas to take up very lowly paid jobs. The labor market acts on the principles of demand and supply which directly means as more and more inadequately prepared personnel get into the market wages would fall and sometimes the employment will not be available as the job market applies the scrutiny and filtering. It is the single reason as the population is unchecked and educational standard are not commensurate with the requirement, not only the people are getting too sub-optimal wages rather there is marked tendency of maintaining fertility as high as it is in restricted economic environment. It takes to relook at the availability of capital to be used in the farm sector to grow at an average growth rate of say 6 percent. Since saving are largely generated by households who have moved in higher echelon of course small savings are generated in rural areas, the saving by way of capital is going to corporate sector to develop it because this sector is fulfilling the needs of every individual be it cement, steel or even FMCG. The lending in the rural sector is risky and too inadequate also. This makes the usurious money lenders to keep thriving and roughly 50% of the total lending in urban areas is made up by these local money lenders. With such a pathetic state of affairs it is difficult to grow the farm sector which has become the bone of contention. The situation in urban areas is somewhat better in respect of controlled fertility but the standard of education is too dismal in these areas also. People are going to study with a hope that they have self made future i.e self business can be started. Whereas it is a fact that business is becoming very competitive and hence their hope is dashed as they begin to think about self made business. It is leaving many pass out with sub-par wages or even remaining unemployed. Roughly 75 percent of the women are not in job which means that there is hardly any job available to them. While urban areas are becoming the business centre the space is also not available to start the business because rents are beyond reach.

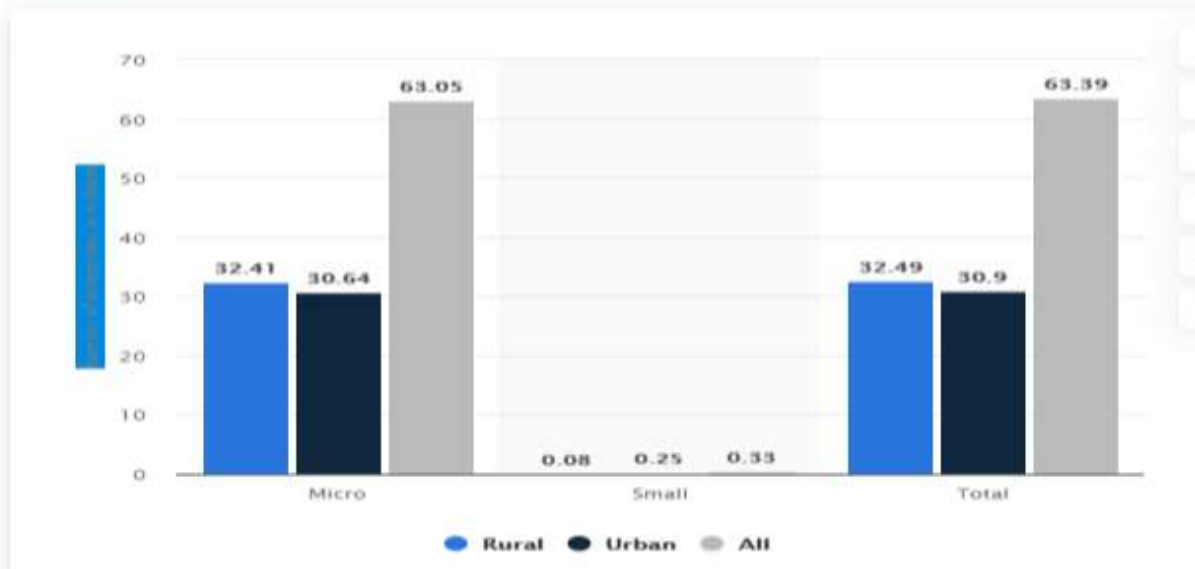
Year-wise farm workers

Rural agricultural employment (%)				
States	Male		Female	
	1983	2018-19	1983	2018-19
Andhra Pradesh	77	50	83	74
Assam	79	41	80	49
Bihar	81	52	88	76
Gujarat	79	64	92	83
Haryana	71	35	90	61
Karnataka	82	57	88	73
Kerala	58	29	70	26
MP	87	68	94	80
Maharashtra	80	64	93	84
Odisha	78	47	81	60
Punjab	77	38	92	42
Rajasthan	81	56	94	82
TN	69	38	82	51
UP	79	58	90	81
WB	73	50	75	45
India	78	53	88	71

Note: Authors' compilation from NSS (1983) and PLFS (2018-19)

Year-wise number of MSMEs

Number of micro, small and medium enterpris year 2020, by type (in millions)



Year-wise migration

Top destination of migrants from various States

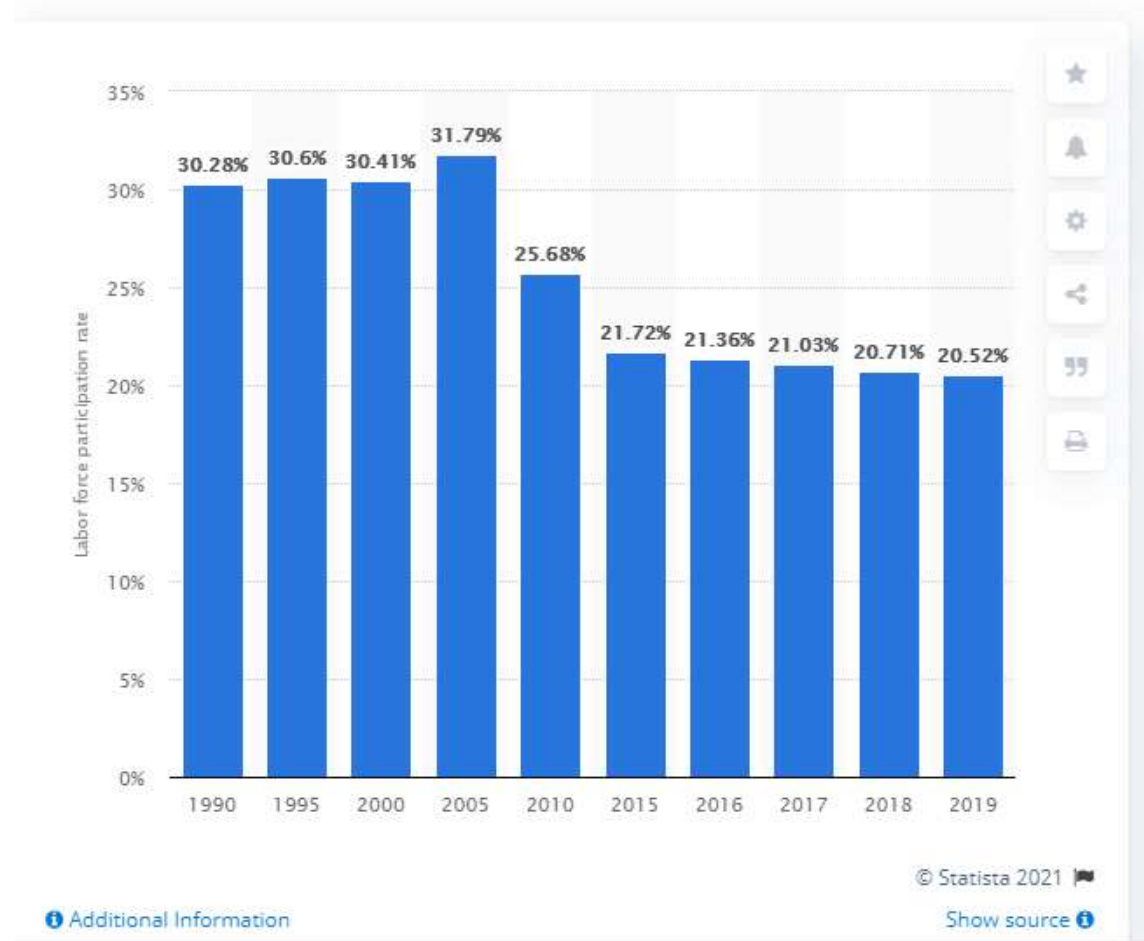
Source	Destination	Share of migrants from source State (%)
North & East		
Uttar Pradesh	Maharashtra	23.00
Bihar	Jharkhand	17.60
West Bengal	Jharkhand	19.80
South		
Karnataka	Maharashtra	56.80
Tamil Nadu	Karnataka	36.90
Andhra Pradesh	Karnataka	43.50
Kerala	Tamil Nadu	36.90
West		
Maharashtra	Gujarat	32.70
Madhya Pradesh	Maharashtra	28.20
Gujarat	Maharashtra	66.60
Rajasthan	Gujarat	20.40

Source: Census 2011

Year-wise women work

Economy & Politics > Economy

Female labor force participation rate across India f



Year-wise literacy rate

India Literacy Rate - Historical Data		
Year	Literacy Rate	Annual Change
2018	74.37%	5.07%
2011	69.30%	6.55%
2006	62.75%	1.74%
2001	61.01%	12.79%
1991	48.22%	7.46%
1981	40.76%	7.46%

Corporate sector was expected to be the engine of growth. As usually it is expected to be a capital based it has attracted maximum capital because of the nature of risk and return profile. As the expansion of corporate sector dragged on there were few ancillary units which were intimately tied to the corporate

sector and there number is too insignificant to absorb even 25% of the work force. The people joining the labor force is quite a usual phenomenon when the structure is set with the economic command there was hardly any chance that institutions were created and produced workers capable of being absorbed potentially and hence the excess of unskilled workers and semiskilled workers have profound effect on the wage structure which is not so favorable to growth and productivity. In India the productivity must have decided the growth and therefore for long time universal norms for minimum wages sweeping across the spectrum have never been made mandatory. When the inflection point reached, the corporate sector struggled to make good profit in 2008 when the demand collapse was profound and hence the growth rate post -2008 is shaky and is not instilling confidence into further buoyant investment which should have gone up to principally at the same level China had. It ended up at 38% much less than that of China. Raising the level of investment is no wise task because the situation with large people is not so comfortable. The people have no capacity to be educated or retain expensive assets even housing is difficult. Millions of people are sleeping under crumbling roofs. It is where the government of the day is caught in the cobweb situation. Giving free ration to millions of people, building affordable housings and delivering water through pipes and so on which indicates that the process of growth could not take along the people who could not make themselves capable of durable earning. Why the projection of growth is failing every time is that there is a revenue deficit and in order to make the revenue expenditure possible, borrowings are necessary and hence neither capital expenditure is thought to be taking place at faster pace nor the borrowing can go to any extent. The growth is slipping out of hand as more and more efforts are made to achieve it. The fault lies with the unchecked population growth and not creating avenues to absorb the labor force. The unproductive sectors are not able to absorb the labor force as they would start falling under the excess load gathered. The productivity has to be increased in the MSME and agriculture sector and now the government has realized that further explosion in growth will wreck disaster and something must be essentially done to restructure the MSME to make them more productive. The space of industries has to be created from the land presently under agriculture and agriculture productivity has to be essentially increased. The farms laws amended recently are being extracted from this thought. The present growth is coming out from the existing base of the corporate, agriculture and service sector where as the investment is trickling and also the informal sector characterizing the unskilled and semi-skilled workers cannot be grown overnight. The process is slow. It appears first the agriculture sector will have to be vibrant so that it affects the changes in the manufacturing sector and service sector. Unless agriculture land is become free for infrastructure the sudden change in Industrial landscape is not possible.

STATE WISE DECADAL GROWTH POPULATIONDate : Oct 13, 2020

Table 4: State-wise Decadal Growth Rate of Population

(Per cent)						
State/Union Territory	1951-1961	1961-1971	1971-1981	1981-1991	1991-2001	2001-2011
Andaman and Nicobar Islands	105.19	81.17	63.93	48.70	26.90	6.86
Andhra Pradesh	15.65	20.90	23.10	24.20	14.59	10.98
Arunachal Pradesh	-	38.91	35.15	36.83	27.00	26.03
Assam	34.98	34.95	23.36	24.24	18.92	17.07
Bihar	19.79	20.91	24.16	23.38	28.62	25.40
Chandigarh	394.13	114.59	75.55	42.16	40.28	17.09
Chhattisgarh	22.77	27.12	20.39	25.73	18.27	22.61
Dadra and Nagar Haveli	39.56	27.96	39.78	33.57	59.22	55.88
Daman and Diu	-24.56	70.85	26.07	28.62	55.73	53.76
NCT of Delhi	52.44	52.93	53.00	51.45	47.02	21.21
Goa	7.77	34.77	26.74	16.08	15.21	8.23
Gujarat	26.88	29.39	27.67	21.19	22.66	19.28
Haryana	33.79	32.22	28.75	27.41	28.43	19.90
Himachal Pradesh	17.87	23.04	23.71	20.79	17.54	12.94
Jammu and Kashmir	9.44	29.65	29.69	30.89	29.43	23.64
Jharkhand	19.69	22.58	23.79	24.03	23.36	22.42
Karnataka	21.57	24.22	26.75	21.12	17.51	15.60
Kerala	24.76	26.29	19.24	14.32	9.43	4.91

Lakshadweep	14.61	31.95	26.53	28.47	17.30	6.30
Madhya Pradesh	24.73	29.28	27.16	27.24	24.26	20.35
Maharashtra	23.60	27.45	24.54	25.73	22.73	15.99
Manipur	35.04	37.53	32.46	29.29	24.86	24.50
Meghalaya	27.03	31.50	32.04	32.86	30.65	29.95
Mizoram	35.61	24.93	48.55	39.70	28.82	23.48
Nagaland	73.20	39.88	50.05	56.08	64.53	-0.58
Odisha	19.82	25.05	20.17	20.06	16.25	14.05
Puducherry	16.34	27.81	28.15	33.64	20.62	28.08
Punjab	21.56	21.70	23.89	20.81	20.10	13.89
Rajasthan	26.20	27.83	32.97	28.44	28.41	21.31
Sikkim	17.76	29.38	50.77	28.47	33.06	12.89
Tamil Nadu	11.85	22.30	17.50	15.39	11.72	15.61
Tripura	78.71	36.28	31.92	34.30	16.03	14.84
Uttar Pradesh	16.38	19.54	25.39	25.61	25.85	20.23
Uttarakhand	22.57	24.42	27.45	23.13	20.41	18.81
West Bengal	32.80	26.87	23.17	24.73	17.77	13.84
ALL INDIA	21.51	24.80	24.66	23.87	21.54	17.70
-: Not Available.						

Simply believing that population growth is apportioned in elite and poor sector in the ratio they are in existing then population has to face the struggle of poor quality of food and other living conditions, leading to poor human development growth and hence till the previous backlog where there is need of empowerment through all sides the excess population is going to create more and more trouble in growing the economy. Elite class consumption had increased phenomenally after the first economic reforms of 1991 but subsequently it was expected to fall because of the global cycle changing sides. Once the peak has been taken it is next quartile which was expected to be lifted but social sector constraint in a country where different castes and creeds have different views about their joining for income and hence to remain independent. This situation is not achievable for 60 percent of the population. Public sector is helpless to go into every nook and corner of the country to address the situation of malnutrition, infant mortality and other issue of proper growing up to contribute. Old age is one issue which can be ignored as they are not expected to contribute rather the saving of previous years should have been utilized for them to lead a decent life. Human resource generation not planned in the previous years is now making the lives of old age difficult. It is therefore important the demographic dividend which can be achieved with proper human development is necessary for further growth.

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