

STRUCTURE ALTERATION, ECONOMIC DEVELOPMENT AND EMPLOYMENT IN INDIA: A STATE-BY-STATE INVESTIGATION.

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Abstract

The globalization has profoundly changed the makeup and framework of emerging economies by distributing wealth across countless economic sectors. In the present setting, this study analyses the causes of labor relocation or structural reorganization, as well as determines and experimentally assesses structure change's contributions to labor productivity growth (LPG) while accounting for indices of economic, the globalization and labor types. Unemployment in every one of these industries is classified into two categories: normal or irregular. The present section examines the causes and structure of societal shifts in earnings and job opportunities in India. For the examination of income changes in structure, industry-specific the NSDP (Net States Domestic Producer) data for 14 significant states has been used from 1983-84 to 1999-00.

Keywords: - Globalization, labour productivity growth, sector-wise NSDP, structural change.

I. INTRODUCTION

The term “structural change” refers to changes in the relative importance of the main sectors of an economy (agriculture, industry, services, and so on) in the course of economic growth. Relative importance here pertains to changing shares of both output and employment in economic sectors. In the context of large, low-income, and dualistic developing economies the corresponding changes in the structures of production organization and labour use are of critical importance.

Over the last decade and a half, India has had substantial growth in GDP while witnessing extremely slow or even static employment increases, given origin to a new odd phenomena known as "unemployed growth." The rise in employment is not keeping track with the increase in GDP. The basis for this is the disorganized allocation of gross domestic product (GDP) and occupation.

In India, growth can be attributed to the services business, which supports fewer than 30% of the total population.

Continuous changes in the makeup of the whole that are related to alterations in the relative importance of various fields in the marketplace, shifts in where it occurs of business operations (development), and other associated aspects of the industrialization are referred to as structural changes.

As a result, for developing nations like India, where socioeconomic problems like inequalities, unemployment, and poverty affect policy choices, it is critical to examine the change in structure and its relationship with job creation and growth, so that optimistic expansion and job creation impulses emerging sectors can be identified and fostered for continued economic development momentum.

Along with this, a deep understanding of changes in structure in response to policy change becoming more crucial for makers in order to create successful financial, monetary, and financial policies in order achieve the larger goal of equitable growth.

II. LITERATURE REVIEW

(Amirpu, A. & Subramaniam, A. 2014) There are a pair of separate approaches. A single strategy is to assume that structures are shifting in regard to employment and worker productivity and then investigate how wider economic strategies (manufacturing, exporting and business, as well as the macroeconomic environment. policy) have shaped the process of growth in which structure transformation occurs. This is more of a summary of the economy and what is influenced the growth process than of particular changes in structure (such as capital build up and labor reallocation) and growth components.

(Chandrasekhar, C.P. & Ghosh, J. 2013) The small and medium-sized enterprises (SMEs) in India form the fundamental foundation of the Indian economy due to their significant impact on commercial age and societal development. After an evaluation of India's commercial challenge, this study explores the changing structure of ability diffusion between Indian experts according to their sex, area, kind, areas, and broad industry sectors. Conditions at work improved substantially after 2000. Over the period 2000-10, the planned area's expansion was both swift and hurried. As a result, the locale had to move work away of the unorganized region.

(Ashok Kotwal, 2011) Over the thirty years prior, India's economic and socioeconomic performances has piqued the interest of many people. Unlike other East Asian countries, the country's rapid growth hasn't been accompanied by exceptionally important domestic savings, international capital inflows, or industrial exports. So, what caused the shift in the development trajectory? Did the 1990s' liberalization of markets measures help? How have the original conditions shaped the entire procedure?

(Alec Cairncross, 1976) Over the past three decades, India's economic and societal performance has piqued the curiosity of a lot of individuals. Unlike other East Asian countries, India's rapid growth hasn't been associated with exceptionally significant savings inside the country, foreign capital inflows, or manufacturing exports. So, whatever caused the shift in the economic

trajectory? Did the 1990s' market liberalization measures help? How have the original circumstances shaped this procedure?

(R. Radhakrishna, 1978) As an indicator of urban casual work, this framework includes the main component of the salary gap between modern and rural places. As a result, one of the most significant and most democratic ways to handle the work problem is to welcome projects to increase gardening productivity and reimbursement, which can close the wage disparity.

(Chand, R 2014) The Indian state of Ch. State legislature has introduced an experiment to assist people who own cell phones. To address technological inequality among citizens, the state administration was going to provide free cell phones to all inhabitants. The Sanchar Kranti Yojna (SKY) responsibility went live in August-September 2018. The secretary in charge established an additional committee to carry out the SKY plan across the entirety of the state.

(Joshi, V, 1994) This research explores whether the industrial conditions in Indian states influenced the trend of manufacturing growth between 1958 and 1992. We demonstrate that states that changed the industrial dispute act to the benefit workers saw a drop in production, employment, investments, and efficiency in register or professional industry. Unofficial or informal industrial production, on the other hand, grew. Improvements in urban poverty were also linked to pro-worker legislation. It also means that efforts to restore the equilibrium of influence among the two groups may wind up harming those in need.

(Basu, S. 2012) The study investigates the drivers of labor relocation or changes in structure, as well as quantifies and by experimentation evaluates structural change's contribution to labor productivity increases (LPG). Additionally, the article evaluates the respective contributions of both physical and human capital to LPG. According to the report, the most important determinant in labor shift in India is the shift in end consumption. This, as well as advances in technology, are factors in labor allocation in the PRC. The results of the regression study indicated that changes in structure, the rise of globalization and human capital all play significant parts in LPG.

- To examine the state-by-state change in structure trend in terms of employment and income in India from 1983-84 to 2011-12.
- To investigate the link between changing structures and developing the economy, as well as structural change and growth in employment.

III. METHOD

As a result, the current chapter offers an extensive overview of the trends of changes in structure in terms of each earnings and employment from 19383-84 to 2011-12. Because categorized data for NSDP are only accessible up to 2015-16, in the event of a structural change in revenue, the time range of the study expands to 2015-16. Based on their wide spread use, two structural change index such as NAV (Norm of Absolute Values) and MLI (Modified Lilien Index) selected for the construction of structural change index. The formulas are as follows.

1. Norm of Absolute Value Index

The Norm of Absolute Value (NAV) is a simple index to measure structural change.

$$NAV = 0.5 \sum_{i=1}^n |\phi_{it} - \phi_{is}| \dots \dots (1)$$

2. Modified Lilien Index

Lilien Index was initially used to measure the standard deviation of the sectorial growth rate of employment from period s to period t and employed to measure the degree of liquidity of factor allocation.

$$MLI = \sqrt{\sum_i^n \phi_{is} \phi_{it} \left(\log \frac{\phi_{it}}{\phi_{is}} \right)^2} \dots \dots (2)$$

3.1 Data Base

This chapter analyses the characteristics and structure of changes in structure in earnings and job opportunities in India. Table 3.1 For the purpose of investigating of income structural change, industry-specific NSDP (Net States Domestic Production) data for 14 major contends was used from 1983-84 to 1999-00.

Table 3.1 From 1983-84 to 2015-16, the proportion of the primary industries in the NSDP fluctuated by state

<i>State/ Year</i>	<i>1983-84</i>	<i>1987-88</i>	<i>1993-94</i>	<i>1999-00</i>	<i>2004-05</i>	<i>2007-08</i>	<i>2009-10</i>	<i>2011-12</i>	<i>2015-16</i>
APD	46.32	37.04	35.95	30.65	30.97	28.18	26.33	25.03	28.92
BHR	76.72	40.50	51.38	34.65	31.78	26.44	22.06	23.14	21.05
CHG	-	-	-	26.81	22.41	22.42	19.70	21.72	16.21
GJR	38.17	17.16	24.25	18.64	-	17.11	-	14.24	-
HAR	-	-	-	17.95	15.67	16.21	16.79	-	12.91
JHK	-	-	-	-	16.21	16.79	18.26	12.97	-
KAR	43.77	39.48	37.48	32.42	-	-	16.89	16.05	12.91
MHP	53.44	46.96	42.23	31.96	29.08	25.78	-	24.56	33.569
MHR	53.50	46.92	-	31.22	29.26	25.63	26.33	19.66	26.67
ODS	55.26	-	36.86	-	36.45	36.16	-	35.69	19.16
PNB	48.75	48.92	48.26	35.66	34.66	35.12	38.36	-	-

RAS	-	46.88	26.23	18.46	14.26	-	36.12	25.36	18.66
TAN	26.33	16.36	-	-	-	26.33	19.66	43.66	15.36
UPR	64.33	-	11.23	15.66	25.68	29.36	25.34	-	-
WEB	32.37	33.09	33.99	25.66	24.98	24.19	55.25	19.66	14.63

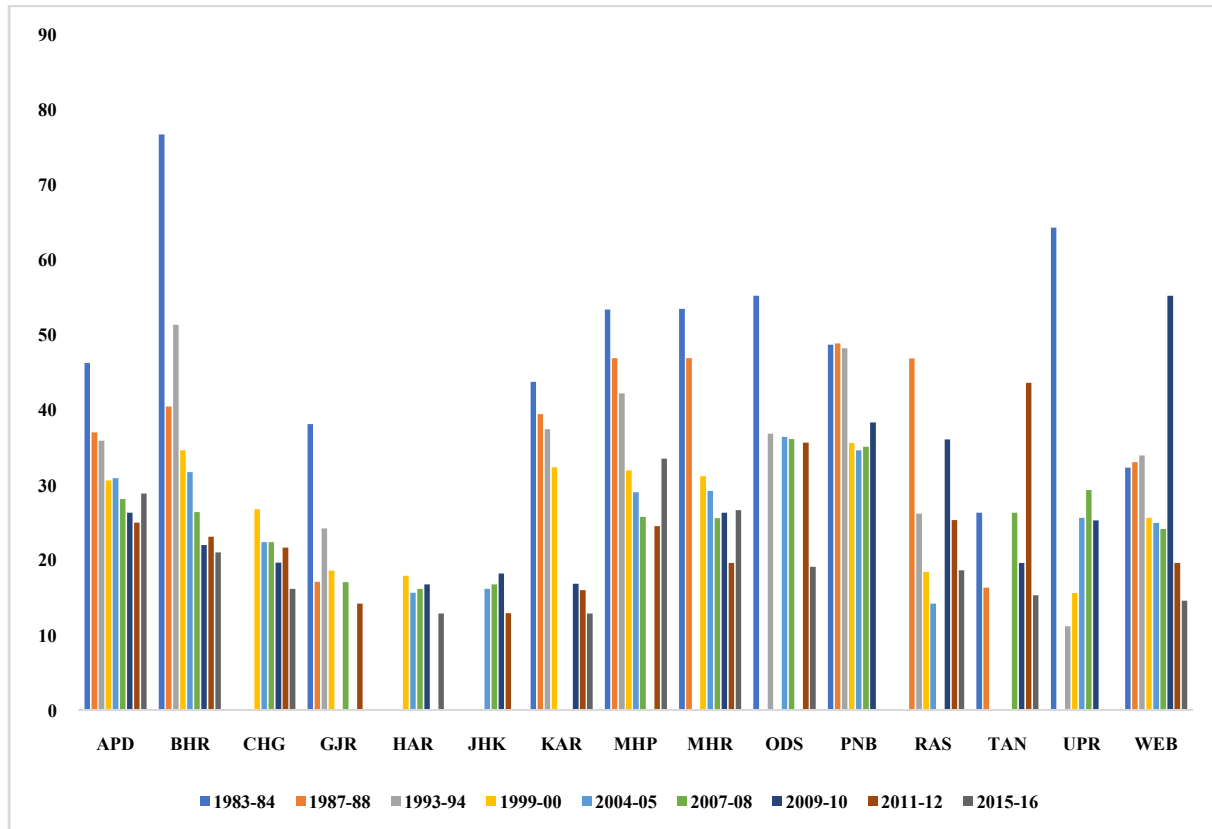


Figure 3.1 state- wise share in NSDP

In this context, the present chapter gave an extensive overview of the state-by-state structure of the changes in structure in revenue from 1983-84 to 2015-16 by employing three sectors categories (Primary, Second, and Tertiary).

Table 3.1 demonstrates that the percentage of the primary industry for the 16 main states as whole decreased substantially all through the entire span (1983-84 to 2011-12), but has slightly produced for the time frame 2015-16.

An Examination of Patterns of Structural Changes in Income and Structure Change in Employment According to the preceding data, table 3.2, every one of the major state in India cumulatively saw a change from conventional primary to contemporary tertiary and secondary industries in terms of both revenue and employment.

Table 3.2 From 1983-84 to 2011-12, the proportion of increase or decrease in the percentage of primary, secondary, and tertiary sectors across the entire NSDP.

<i>Primary sector</i>	<i>Secondary sector</i>	<i>Tertiary sector</i>
<i>KEL (74.0)</i>	<i>RAS (61.86)</i>	<i>BHR (107.45)</i>
<i>MHR (-68.4)</i>	<i>ODS(48.82)</i>	<i>ODS (95.95)</i>
<i>HAR(-65.9)</i>	<i>PJB(-42.78)</i>	<i>HAR(95.25)</i>
<i>HAR(-65.8)</i>	<i>MHP(31.68)</i>	<i>MHP(-85.69)</i>
<i>ODS(-64.0)</i>	<i>HAR(29.92)</i>	<i>RAS(81.17)</i>
<i>KAR(-63.3)</i>	<i>UPR(-27.17)</i>	<i>KEL(-73.61)</i>
<i>ODS(48.82)</i>	<i>HAR(95.25)</i>	<i>MHP(-31.68)</i>
<i>PJB(42.78)</i>	<i>MHP(-85.69)</i>	<i>HAR(-29.92)</i>
<i>MHP(31.68)</i>	<i>RAS(-81.17)</i>	<i>UPR(-27.17)</i>
<i>HAR(-29.92)</i>	<i>KEL(73.61)</i>	<i>ODS(48.82)</i>
<i>UPR(27.17)</i>	<i>RAS(-81.17)</i>	<i>PJB(42.78)</i>
<i>ODS(48.82)</i>	<i>KEL(73.61)</i>	<i>MHP(31.68)</i>
<i>PJB(42.78)</i>	<i>KEL(-73.61)</i>	<i>HAR(-29.92)</i>
<i>16 Major States (-62.6)</i>	<i>16 Major States (29.42)</i>	<i>16 Major States (68.57)</i>

IV. DATA ANALYSIS

This chapter examines the relationship between changes in structure (in income and employment) and economic growth, employment growth, and productivity growth independently from 1983-84 to 2011-12. Because the research focuses on changes in employment and income, the structure shifts indices 65 are calculated using disaggregated NSDP and employment information from EPWRF or NSSO different rounds.

Table 4.1 shows what happened. The findings indicate that elements that include changes in employment, technological advances, human resources, and private investment have a beneficial and statistically important impact on productivity increases.

This means that states with greater human capital have experienced more productivity growth as a result of societal shifts in labor and innovation in technology.

Furthermore, the favourable and substantial correlation for venture capital means that states that get more loans from intended commercial banks towards projects achieve improved economic

development. However, the minus coefficient reading for fixed assets shows that industries that have more permanent capital have fewer resources for productivity growth.

Table 4.1 Productivity growth has been linked with changes in the structure of employment, technological advances, and fixed capital, Investments from the private sector, and population growth during 1983-84 to 2001-12.

<i>Explanatory variables</i>	<i>Dependent variable- productivity growth</i>			
	Coefficient	T- test	Adjust square	R
<i>Structure change</i>	4.29	7.95	0.60 (0.000)***	
<i>Human capital (GER)</i>	30.20	3.36	0.20 (0.00)**	
<i>Human capital (% of those in employment with higher educational backgrounds)</i>	21.06	2.52	0.11 (0.01)**	
<i>Technology</i>	0.07	15.80	0.85 (0.000)***	
<i>Fixed capital</i>	-7.11	-1.74	0.04 (0.09)	
<i>Private investment</i>	20.78	4.85	0.35 (0.000)***	
<i>Population growth</i>	-13.61	-1.58	0.03 (0.12)	

Table 4.2 displays the outcomes of the analyses. The study discovered an issue with multicollinearity with two factors, change in structure and technologies.

Table 4.2 Productivity growth and changes in employment framework, human resources, technological advances, capital investments, private investment, and growth in population from 1990-91 to 2011-12

<i>Explanatory variables</i>	<i>Dependent variable- productivity growth</i>		
	Coefficient	T- test	P value
<i>Structure change</i>	4.29	7.95	0.60 (0.000)***
<i>Human capital (GER)</i>	0.97	1.46	0.15
<i>Fixed capital</i>	-9.51	-3.25	0.000**
<i>Private investment</i>	20.32	3.32	0.00**
<i>Population growth</i>	-31.81	-2.18	0.04**

R square

With- in (0.92)

Between (0.01)

Overall (0.41)

V. DISCUSSION

Although structural change in unemployment followed a similar path to structural change in income, the rates of change in structural change in income and employment varies for all 16 general states. In terms of revenue, the primary sector in all general states fell by 62.55 percent between 1983-84 and 2011-12. In terms of employment, all general states together witnessed a loss in the primary sector of only 29.29 percent during the same time period. Similarly, in terms of revenue, all general states had a growth of just 10.41% in the secondary sector.

When it comes to structural change indices, the NAV and MLI formulas produce identical findings in terms of state ranking. On average, most impoverished states like as Bihar, Chhattisgarh, Jharkhand, Odisha, Madhya Pradesh, and Rajasthan, as well as the affluent state Gujarat, witnessed larger structural change in income from 1983-84 to 2015-16.

VI. CONCLUSION

Given the importance of structural change in advancing economic growth and development, this chapter deals with the analysis of determinants of structural change (income & employment) in case of Indian economy for the period 1983-84 to 2011- 12. The report also emphasizes the capital of people as a key element in productivity increase. The study examined the influence of human capital indexes on LPG by incorporating the two years of learning and returns to education. This study also supports the importance of the human capital for comprehending LPG. It analyses the relationship between shifts in revenue and the economy's growth for three distinct time periods: 1983-1984 to 2011-12, 1983-1984 to 2015-16, and 1993 to 1994 to 2015-16. Since separated data for NSDP are only accessible up to 2015-16, in the event of a structural shift in income, the time range of the study extends to the year 2015-16.

It discovered an unfavourable and significant relationship between structural shifts in income and growth in the economy, implying that states that experience larger structure change in income also have less economic growth.

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