

Examrace

Structure and Pattern of Economic Growth in India: Key Statistics at Glance

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Structure & Pattern of Economic Growth in India | Economics

Key Statistics at Glance

- GDP grew at 4.7% & employment grew at 2.4%: 1972-1983.
- GDP grew at 5% & employment grew at 2%: 1983-1993.
- GDP grew at 8.5% & employment grew at 0.5%: 2004-2011.

Employment elasticity (% change in employment to 1% change in economic growth). It indicates the ability of the economy to generate employment opportunities. It declined from 0.52 in 1972 to 0.04 in 2012.

Structural Facets

Change in Sectoral Distribution

- Sectoral contribution of Various sectors to GDP has changed post 1970`s. Sectoral reversal took place.
- In 2018, Service sector = 55% to GVA, Industries = 32% to GVA and Agriculture 13%. To GVA.
- Thus, the pattern reversed. During 1950`s, contribution of Agriculture was 53%, of Industries was 16% and of service sector was 30%.

Sectoral Contribution to Employment

- Sectoral contribution changed as employment in Industrial and service sector increased and grew over time and in agricultural sector it declined.
- Presently, agriculture contributes 45% to employment followed by industries (25%) and service sector (30%).

Growth of Basic Capital Industries

- During Independence, the share of basic good industries in total industrial production stood at 1/4th. From 2nd 5-year plan, industrialization started in India under Mahal Nobis model of growth.

- This led to rise in number of heavy industries in the country, which produced raw material and equipment's needed for domestic growth.
- In 1991, the Licensing system was abolished as LPG (Liberalization, Privatization, Globalization) policy was adopted.
- Thus, Indian Economy was opened.

Expansion of SOC (Social Overhead Capital)

- Investment in SOC has increased gradually. Roadways, railways, ports attracted FDI inflows as well. The Total road length increased to more than 50 lakh Kms.
- Modernization was bought in both roadways & railways. Healthcare facilities were expanded.
- Investment in Infrastructure projects led to development of allied industries and expansion in trade.
- Development in Education sector provided skilled workforce and induced industrialization.

Practice Questions

Q.1. Which sector has higher share in GVA addition.

- 1) Agri and Allied Sector
- 2) Manufacturing sector
- 3) Services sector

Ans: 3)

Q.2. Which of the following option is incorrect, with reference to "The 1991 Reforms: LPG?"

- 1) Boosting the domestic growth rate
- 2) extending the license raj and permit system
- 3) Attracting FDI in the country
- 4) Delicensing.

Ans: 2)

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