

# Structural Changes in India

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## ABSTRACT

The main important objective of the present study is to analyse. The structural changes that has taken place during 1950-51 to 2013-2014 in India. The decadal growth of the GDP and the percentage share of various sectors viz., Agriculture, Industry and Service sectors has been examined.

**Key words:** Structural changes, Decadal growth, GDP, sectors

## INTRODUCTION

One of the most important variables to analyse the changes in the structure of the Indian Economy is the share of various sectors in GDP. Hence to examine the structural changes in Indian economy, the decadal sectoral percentage share of GDP has been taken in to consideration after the independence. The economy has been divided into three sectors, viz., (i) Agricultural and allied services, (ii) Industry including mining and quarrying and (iii) Services to examine the structural changes in Indian economy.

### 1.1 SECTORAL CHANGES IN GDP AFTER INDEPENDENCE IN INDIA

The first decade of sectoral contribution to GDP in India is shown in table 1. The table shows that the GDP has increased to Rs.383,153 crores during 1959-60 from Rs.279,618crores during 1950-51 i.e. an increase of 1.4 times. The percentage share of agricultural sector has declined to 47.8 percent during 1959-60 from 51.9 percent during 1950-51 whereas the percentage share of industry and service sectors has increased to 21.6 present and 30.6 percent from 18.6 percent and 29.5 percent during the same decade. During this decade, the compound growth rate of GDP in India accounts for 3.68 percent and is significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 21.57. The compound growth rate of the declining trend of the share of agriculture sector to GDP in India accounts for -0.9 and is significant at 0.05 percent (1.980) as the calculated 't' value accounts for 5.3. At the same time the compound growth rate of the share of industrial and service sectors is increasing which account for 1.8 percent and 0.4 percent. The growth rate in the case of industrial sector is significant at 0.05 percent level (1.980) whereas it was insignificant in the case of service sector as the calculated 't' value account for 8.8 and 1.8.

**Table-1.1**  
**Year and sector-wise share of GDP during 1950-51 to 1959-60**

(Rs. in Crores)

Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
1950-51	279,618	145,052(51.9)	51975(18.6)	82,591(29.5)
1951-52	286,147	147,216(51.4)	54132(18.9)	84,799(29.6)
1952-53	294,267	151,859(51.6)	54970(18.7)	87,438(29.7)
1953-54	312,177	163,553(52.4)	58684(18.8)	89,940(28.8)
1954-55	325,431	168,361(51.7)	62898(19.4)	94,172(28.9)
1955-56	333,766	166,906(50.0)	68015(20.4)	98,845(29.6)
1956-57	352,766	175,980(49.9)	73395(20.8)	103,391(29.3)
1957-58	348,500	168,075(48.2)	73150(21.0)	107,275(30.8)
1958-59	374,948	185,010(49.3)	78248(20.9)	111,690(29.8)
1959-60	383,153	183,147(47.8)	82774(21.6)	117,232(30.6)
CGR	3.68	-0.9	1.8	0.4
t value	21.57	5.3	8.8	1.8

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1950-51 to 1959-60.

**Note:** Parenthesis indicate percentage

## 1.2 SECTORAL SHARE OF GDP DURING 1960-61 TO 1969-70

The Sectoral contribution of GDP in India during the second decade i.e. from 1960-61 to 1969-70 is shown in table 2. The table reveals that the GDP has increased to Rs.561,630 crores during 1969-70 from Rs.410,279 crores during 1961-62 i.e. an increase of 1.4 times. The percentage share of agricultural sector has declined to 40.9 percent during 1969-70 from 47.6 percent during 1960-61 whereas it has increased to 25.8 percent and 33.3 percent from 22.2 percent and 30.2 percent in the case of industrial and service sectors. The compound growth rate of GDP in India accounts for 3.29 percent and is significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 11.15. The compound growth rate of the declining trend of the share of agricultural sector to GDP in India accounts for -1.7 and is significant at 0.05 percent (1.980) as the calculated 't' value accounts for 4.4. At the same time the compound growth rate of the share of industrial and service sectors account for 1.6 percent and 1.2 percent and is significant at 0.05 percent level (1.980) as the calculated 't' value account for 3.7 and 4.8 respectively.

Table 1.2

## Year and sector-wise share of GDP during 1960-61 to 1969-70

(Rs. in Crores)

Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
1960-61	410,279	195,482(47.6)	90925(22.2)	123,872(30.2)
1961-62	423,011	195,647(46.3)	96853(22.8)	130,511(30.9)
1962-63	431,960	191,755(44.4)	102322(23.7)	137,883(31.9)
1963-64	453,829	196,241(43.2)	111517(24.6)	146,069(32.2)
1964-65	488,247	214,343(43.9)	119432(24.5)	154,472(31.6)
1965-66	479,402	190,675(39.8)	129932(27.1)	158,795(33.1)
1966-67	475,190	187,962(39.6)	123516(26.1)	163,712(34.5)
1967-68	513,860	215,914(42.0)	128004(25.3)	169,942(33.1)
1968-69	527,270	215,572(40.9)	133966(25.4)	177,732(33.7)
1969-70	561,630	229,428(40.9)	145292(25.8)	186,910(33.3)
<b>CGR</b>	<b>3.29</b>	<b>-1.7</b>	<b>1.6</b>	<b>1.2</b>
<b>t value</b>	<b>11.15</b>	<b>4.4</b>	<b>3.7</b>	<b>4.8</b>

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1960-61 to 1969-70.

**Note:** Parenthesis indicate percentage

### 1.3 THE SECTORAL SHARE OF GDP DURING 1970-71 TO 1979-80

The sectoral contribution of GDP in India during third decade is shown in table 3. The table shows that the GDP has increased to Rs 745,083 crores during 1979 -80 from Rs 589,787 crores during 1970 -71 i.e. an increase of 1.3 times. The percentage of share of agricultural sector has declined to 33.9 per cent during 1979-80 from 41.7 percent during 1970-71 whereas it has increased to 27.5 percent and 38.6 percent from 25.1 percent and 33.2 percent in the case of industrial and service sectors. The compound growth rate of GDP in India accounts for 3.45 percent and is significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 9.29. The compound growth rate of the declining trend of the share of agricultural sector to GDP in India accounts for -1.7 percent and is significant at 0.05 percent (1.980) as the calculated 't' value accounts for 5.0. At the same time the compound growth rate of the share of industrial and service sectors is increasing which account for 0.9 percent and 1.1 percent. The growth rate in the case of both industrial and service sectors is significant at 0.05 percent level (1.980) as the calculated 't' value account for 4.2 and 4.3.

**Table 1.3**  
**Year and sector-wise share of GDP during 1970-71 to 1979-80**

(Rs. in Crores)				
Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
1970-71	589,787	245,699(41.7)	147930(25.1)	196,158(33.2)
1971-72	595,741	241,087(40.5)	151280(25.4)	203,374(34.1)
1972-73	593,843	228,988(38.6)	155502(26.2)	209,353(35.3)
1973-74	620,872	245,479(39.5)	159230(25.7)	216,163(34.8)
1974-75	627,818	241,479(38.5)	161263(25.7)	225,076(35.8)
1975-76	684,634	272,899(39.9)	171699(25.0)	240,036(35.1)
1976-77	693,191	257,131(37.1)	184896(26.7)	251,164(36.2)
1977-78	744,972	282,937(38.0)	198469(26.6)	263,566(35.4)
1978-79	785,965	289,452(36.8)	215352(27.4)	281,161(35.8)
1979-80	745,083	252,475(33.9)	205259(27.5)	287,349(38.6)
<b>CGR</b>	<b>3.45</b>	<b>-1.7</b>	<b>0.9</b>	<b>1.1</b>
<b>t value</b>	<b>9.29</b>	<b>5.0</b>	<b>4.2</b>	<b>4.3</b>

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1970-71 to 1979-80.

**Note:** Parenthesis indicate percentage

#### 1.4 THE SECTORAL SHARE OF GDP DURING 1980-81 TO 1989-90

The sectoral contribution of GDP in India during the fourth decade is shown in table 4. The table indicates that the GDP has increased to Rs.1,280,228 crores during 1989-90 from Rs 789,506 crores during 1980-81 i.e.an increase of 1.6 times. The percentage share of agriculture has declined to 29.9 percent during 1989-89 from 35.7 percent during 1980-81 whereas it has increased to 27.5 percent and 42.6 percent from 26.7 and 37.6 percent in the case of industrial and service sectors. The compound growth rate of GDP in India accounts for 5.24 percent and is significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 26.17. The compound growth rate of the declining trend of the share of agricultural sector to GDP in India accounts for declining -2.228 and is significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 6.027. At the same time the compound growth rate of the share of industrial and service sectors is increasing which account for 0.467 percent and 1.414. The compound growth rate in the case of industrial sector is not significant at 0.05 percent level (1.980) as the calculated 't' value account for 0.814 whereas it was significant in the case of service sector as the calculated 't' value accounts for 6.951.

**Table 1.4**  
**Year and sector-wise share of GDP during 1980-81 to 1989-90**

(Rs. in Crores)

Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
1980-81	789,506	285,015(35.7)	212877(26.7)	300,614(37.6)
1981-82	843,426	298,130(35.4)	229071(27.1)	316,225(37.5)
1982-83	868,092	297,293(34.3)	232018(26.7)	338,781(39.0)
1983-84	891,270	327,382(35.0)	205731(26.7)	358,157(38.3)
1984-85	973,357	332,571(34.2)	260777(26.8)	380,009(39.0)
1985-86	1,058,978	333,616(32.9)	271088(26.7)	409,162(40.4)
1986-87	1,057,612	333,616(34.2)	285136(26.0)	440,226(40.0)
1987-88	1,094,993	326,975(29.7)	299817(27.5)	468,201(42.8)
1988-89	1,206,243	378,113(31.4)	327406(27.1)	500,724(41.5)
1989-90	1,280,228	382,609(29.9)	352436(27.5)	545,183(42.6)
<b>CGR</b>	<b>5.24</b>	<b>-2.228</b>	<b>0.467</b>	<b>1.414</b>
<b>t -value</b>	<b>26.17</b>	<b>6.027</b>	<b>0.814</b>	<b>6.951</b>

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1980-81 to 1989-90.

**Note:** Parenthesis indicate percentage

### 1.5 THE SECTORAL SHARE OF GDP DURING 1990-91 TO 1999-2000

The sectoral contribution of GDP in India during the fifth decade is shown in table 5. The table shows that the GDP in India has increased to Rs.22,54,942 crores during 1999-2000 from Rs.1,347,889 crores during 1990-91 i.e. an increase of 1.7 times. The percentage share of both agricultural sector and industrial sectors has declined to 23.2 percent and 26.8 percent during 1999-2000 from 29.5 percent and 27.9 percent during 1990-91 whereas it has increased to 50.0 percent from 42.5 percent in the case of industrial and service sector. The compound growth rate of GDP in India accounts for 6.14 percent and is significant at 0.05 percent level (1.986) as the calculated 't' value accounts for 28.81. The compound growth rate of the declining trend of the share of agricultural sector to GDP in India accounts for -2.637 percent and is significant at 0.05 percent (1.980) as the calculated 't' value accounts for 10.864. At the same time the compound growth rate of the share of industrial sector accounts for 0.50 and is not significant at 0.05 percent level (1.980) as the calculated 't' value accounts for 0.2003. The compound growth rate in the case of service sector is significant at 0.05 percent level (0.986) as the calculated 't' value account for 9.462.

**Table 1.5**  
**Year and sector-wise share of GDP during 1990-91 to 1999-2000**

(Rs. in Crores)

Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
1990-91	1,347,889	397,971(29.5)	376453(27.9)	573,465(42.6)
1991-92	1,367,171	390,201(26.6)	376604(27.5)	600,366(43.9)
1992-93	1,440,504	416,153(28.9)	389802(27.1)	634,549(44.1)
1993-94	1,522,344	429,981(28.2)	411012(27.0)	681,351(44.8)
1994-95	1,619,694	450,258(27.8)	448296(27.7)	721,140(44.5)
1995-96	1,737,741	447,127(25.7)	496573(28.6)	794,041(45.7)
1996-97	1,876,319	491,484(26.2)	530992(28.3)	853,843(45.5)
1997-98	1,957,032	478,933(24.5)	548010(28.0)	930,089(47.5)
1998-99	2,087,828	509,203(24.4)	571486(27.4)	1,007,138(48.2)
1999-00	22,54,942	522,795(23.2)	603631(26.8)	1,128,516(50.0)
<b>CGR</b>	<b>6.14</b>	<b>-2.636</b>	<b>0.0496</b>	<b>1.572</b>
<b>t - value</b>	<b>28.81</b>	<b>10.864</b>	<b>0.2003</b>	<b>9.462</b>

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1990-91 to 1999-2000.

**Note:** Parenthesis indicate percentage

## 1.6 THE SECTORAL SHARE OF GDP DURING 2000-01 TO 20 13-14

The sectoral contribution of GDP in India during the last one and half decade is shown in table 6. The table shows that the GDP in India has increased to Rs.5741791 crores during 2013-14 from Rs. 2348481 crores during 2000-01 i.e.an increase of 2.5 times The percentage share of both agricultural and industrial sectors has declined to 14.0 percent and 26.1 percent during 2013-2014 from 22.3 percent and 27.2 percent during 2000-01 whereas it has increased to 59.9 percent from 50.5 percent in the case of service sector. The compound growth rate of GDP in India accounts for 7.69 percent and is significant at 0.05 percent level (1.986) as the calculated 't' value accounts for 46.14. The compound growth rate of the declining trend of the share of agricultural sector to GDP in India accounts for -4.0 and is significant at 0.05 percent (1.980) as the calculated 't' value accounts for 19.2. At the same time the compound growth rate of the share of industrial sector account for 0.1 percent as is not significant at 0.05 percent level (1.980) as the calculate 't' value accounts for 0.4. The compound growth rate in the case of service sector account for 1.3 percent is significant at 0.05 percent level (0.986) as the calculated 't' value accounts for 2.34.

**Table 1.6**  
**Year and sector-wise share of GDP during 2000-01 to 2013-14**

(Rs. in Crores)

Financial year	Gross domestic product	Agricultural Allied services	Industry including mining and quarrying	Services
2000-01	2,348,481	522,755(22.3)	640043(27.2)	1,185,683(50.5)
2001-02	2,474,962	554,157(22.4)	656736(26.6)	1,264,069(51.0)
2002-03	2,570,935	517,559(20.1)	704056(27.4)	1,349,280(52.5)
2003-04	2,775,749	564,391(20.3)	755625(27.3)	1,455,733(52.4)
2004-05	2,971,464	565,427(19.0)	829782(28.0)	1,576,255(53.0)
2005-06	3,253,073	594,487(18.3)	910413(28.0)	1,748,173(53.7)
2006-07	3,396,364	619,190(18.2)	951604(28.0)	1,825,970(53.8)
2007-08	3,896,636	655,080(16.8)	1119995(28.8)	2,121,561(54.5)
2008-09	4,158,676	655,689(15.8)	1169736(28.1)	2,333,251(56.1)
2009-10	4,516,071	660,987(14.6)	1276919(28.3)	2,578,165(57.1)
2010-11	4,918,533	717,814(14.6)	1373339(27.9)	2,827,380(57.5)
2011-12	5,247,530	753,832(14.4)	1480657(28.2)	3,013,041(57.4)
2012-13	5,482,111	764,510(14.1)	1494921(27.1)	3,222,680(58.8)
2013-14	5,741,791	800,548(14.0)	1500226(26.1)	3,441,017(59.9)
<b>CGR</b>	<b>7.69</b>	<b>-4.0</b>	<b>0.1</b>	<b>1.3</b>
<b>t-value</b>	<b>46.14</b>	<b>19.2</b>	<b>0.4</b>	<b>2.34</b>

**Source:** Govt. of India Statistical Abstract of India Central Statistical Organization, New Delhi, from 1950-51 to 1960-61.

**Note:** Parenthesis indicate percentage

### Conclusions:

The following are the main conclusions derived from the present study.

1. During the first decade i.e “1950-51 to 1959-60” the GDP growth rate is increasing on the whole but the compound growth rate of the percentage share of agriculture shows a declining trend whereas it was increasing significantly in the case of industrial sector. At the same time even though the percentage share of service sector increasing but the growth rate was not significant.
2. During the second decade i.e “1960-61 to 1969-70” the compound growth rate of GDP in India is increasing but the compound growth rate is less than the first decade growth rate. The compound growth rate of the percentage share of agricultural sector in total GDP during this decade also decreasing whereas it was increasing in the case of industry and service sectors.
3. During the third decade i.e., “1970-71 to 1979-80” the compound growth rate of GDP in India is increasing but slightly higher than the second decade growth rate. During this decade also the compound growth rate of the percentage share of agricultural sector is declining whereas the growth rate of the percentage share of the industry and service sectors has increased significantly.
4. During the fourth decade “1980-81 to 1989-90” the compound growth rate of GDP in India has highly increased than the earlier decades. During this decade also the compound growth rate of the percentage shares of agricultural sector continuously declining whereas it has increased highly in the case of service sector. But at the same time the percentage share of industrial sector increased slightly only.
5. During the fifth decade “1990-91 to 1999-2000” the compound growth rate of GDP in India has increased highly. The compound growth rate of the percentage share of both agricultural and industrial sector has declined considerably whereas it was increasing significantly in the case of service sector.
6. Last one and half decade the compound growth rate of GDP in India highly significant and higher than the earlier decades also. The percentage share of both agriculture and industrial sectors are significantly declining whereas the contribution of service sector has increased enormously and even it reached nearly sixty percent.

Therefore the structure of the Indian Economy has changed a lot. Service sector and industrial sector has occupied an important place in Indian economy.