Discuss the growth of National Income and also the sectoral wise growth in National Income during the plan period.

Ans => The trend of National Income in India over last few decades clearly depicts the impact of planning in the Indian economy. The estimates of National Income & per capita income also reflect the standard of living of the people in India. The composition of National Income by industrial origin reflect the structural changes that have taken place in National Income statistics. Let us discuss the trends in the National Income figures along with sectoral contribution.

Trends in National Income of India -

CSO reports reveals that the net national product at factor cost of India at 2004-05 prices has increased from ₹ 26,23,995 crores in 1950-51 to ₹ 45,49,652 crores in 2011-12. Again per capita income figures increased from ₹264 in 1950-51 (at current prices) to ₹60,003 in 2011-12.

The annual average growth rate of NNP is shown in table 1:-

Annual Average Growth Rate of NNP.

Year	Rate of Growth of NNP.
1950-61	4.2
1980-91	5.2
2001-2011	8.4

Source: Economic Survey 2011-12

The data given in the above table reveals that the NNP increased at the annual rate of 4.2% during the decade 1950-51 to 1960-61. After the performance of the economy has been on the decline during the 1980's, there was an improvement in the growth rate. During the decade 1980-81 to 1990-91, the NNP show a growth rate of 5.2% per annum. This is a very healthy development because the economy was able to cross the barrier of the so called Hindu Rate of Growth. During 2000-01 and 2011-12, NNP growth rate rose further to 7.5% which implies a further acceleration in the growth of National Income at a higher rate.

Sectoral Contribution/Distribution of National Income by Industrial Origin:-

The sectoral contribution of the National Income depicts a clear picture about the composition or distribution of National Income by industrial origin. The following table shows the changes in the sectoral contribution towards the National Income of the country since 1950-51.

Table 1: Share of GDP by Industry Origin (1991-00 series)

Sectors	1950-51	1980-81	2010-11
Agriculture & Allied Activities	55.4	38.0	14.3
Industry	15.0	24.0	27.9
Service	29.6	38.0	57.8

RBI report

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The share of the primary sector which includes agriculture, forestry & fishery has gone down from 55.4% of GDP in 1950-51 to 38.0% in 1980-81 & further declined to 14.3% in 2010-11. The main cause of the decline is a rapid fall in the share of agriculture alone.

The share of industry which includes mining, manufacturing, electricity, gas and water supply and the construction has shown a steady increase from 15% in 1950-51 to 24% in 1980-81 & 27.9% in 2010-11

The major components of industry are manufacturing and construction. The share of manufacturing increased from 8.9 percent in 1950-51 to 15.8% in 2010-11. Similarly, the share of construction improved from 4.4% in 1950-51 to 7.9% in 2010-11.

The share of service sector has three components;

(a) Trade, Transport, Storage and Communication.

(b) Finance, Insurance, Real Estate and Business Services.

(c) Community, Social and Personal Services.

The share of service sector indicated a sharp improvement from 29.6% in 1950-51 to about 57.8% in 2011-12. Among the major components of the tertiary sector, the share of transport, especially road transport and communications, ~~during the last~~ has increased from only 11.3% in 1950-51 to 27% in 2010-11. The share of finance, insurance, real estate and business services has increased from 7.7% to about 17.4%.

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Thus, due to the development strategy followed in economic planning of the country, structural changes occur in the composition of national income by industrial origin. With the rapid expansion of manufacturing and services, the share of secondary and tertiary sector recorded a sharp increase in the composition of national income whereas the primary sector is continuously losing its share.

* Features of National Income in India :-

The important features of the growth of national income in India are briefly summarised below:-

(i) Erratic Growth :- The increase in National Income during the plan period has been erratic. Out of 62 years of economic planning in as many as twelve plans, either the Net National Product registered a decline or the rate of increase in it was lower than the rate of population growth. These factors clearly suggest that national income trends during the period of economic planning doesnot indicate a consistent increase.

(ii) Growth Rate Fluctuates With Fluctuations in Agriculture :- The National Income level and the rate of growth in it fluctuates with fluctuation in the harvests.

(iii) The growth Rate At Best Is Modest :- The increase in growth rate is modest by any standard. The compound rate of increase in the National Income in India during the first thirty years of planning was 3.5 percent per annum. Since 1980-81 onwards, the national income has risen at the rate of 5.9% per annum. Moreover rapid income growth is concentrated in a few regions which implies that most of the states have recorded extremely slow growth rate in the recent past.

Unit - 2

Occupational distribution of labour force in India -

~~occupations~~ According to 2001 census 56.7% of the main workers labour force was employed in the agri sector & allied activities. This ~~ieff~~ reflect the predominance of agri in the economy. According to 1991 census 66.8% was employed in the

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agricultural & allied activity. Thus there was a significant declined in the relative importance of agriculture during the 10yr period of 1991-2001.

The industrial sector in India still remains small inspite of all the attention that heavy industries got under the various plants. In 2001 industries & allied activities ~~acc~~ accounted for 18.2% of the main workers force as against 12.7% in 1991. Thus there was a significant rise in the % of the labour force employed in the manufacturing sector during the period 1990's.

According to the 1991 census 20.5% of the main workers were employed in the service sector which comprises trade, commerce, transport, communication & other services. As against these in 2001 25.1% of the workers employed in the sector. This indicates that the relative size of the service sector grew during the period 1991-2001.

Trend in occupation structure during 1951-2001

The trends in India's occupational structure over the period of 1st 5 decades of economic planning can be explained with the help of the data contained in the following table

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occupational distribution of working popul^n in India

occupation	1951	1961	1971	1981	1991	2001
Agriculture & allied activities	72.1	71.8	72.1	68.8	66.8	56.7
Indus Sector	10.6	12.2	11.2	13.5	12.7	17.5
Service Sector	17.3	16.0	16.7	17.7	20.5	25.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source - C.M.I, basic statistics relative to Indian economy.

Over the period 1951-2001, agriculture remained the main occupation of the people as employment in it was never below 56.7%. ~~After indepen~~ The % of labour force engaged in agricultural & allied activities remained unchanged at around 72% over the period 1951-71 although After Independence, & ~~social~~ specially after the introduction of planning in India, attempt was made by the planning to accelarate the process of industriali-zation & also to change the occupation-al structure by transfering a section of working force from agri to Indus & tertiary sectors.

Again during the next 1971-2001 period, the proportion of work force engaged in primary sector decline marginaly to 56.7%. A important change that was recorded was that the proportion of cultivators declined from 50% in 1951 - 38.4% in 1991 & that of agricultural labourers increased from 20% to 26% during the same period. This shows the growing consentration of land in the hands of reach & the transformation of small & marginal farmers into land less agricultural labour.

The proportion of work force employed in the industrial sector under goes a very little change during the period 1951-91. In 1991, 12.7% of the working people was employed in this sector as against 10.6% in 1951. During the decade 1991-2001 the proportion of labour force in industrial sector increased significantly from 12.7% to 18.2%. Reflecting the increased activity in the construction sector during the post reform period the proportion of workers employed in this sector rose considerably over the decade 1991-2001, from 1.9% to 3.7%.

(The proportion of workers employed in service sector increased from 17.3% to 25.8% over the 50 years period from 1951-2001. Not only this, the relative position of the 3 sub sectors, (i.e trade & commerce transport, storage & communication & other services has) also kept on changing. This is a welcome development as its reflects improvement in infrastructure of the country. The expansion of trade & commerce is also linked with eco development. In this sector % of people employed was 5.2 in 1951 & This rose to 69.4 in 2001

Factor responsible for failure to make any change in occupational structure-

1) Indian planner failed to make any serious attempt for development of rural economy. Due to poor organisation the programmes of reducing unemployment & under employment problem of rural areas failed miserable. Moreover planners didnt make any serious attempt to enlarge the scope of non agricultural rural ~~emplo~~ employment.

2) Land reforms in India faid miserably to realize its goal & to creat small owner holding.

3) Efforts of planners to develop industries ~~lead~~ helped the large scale capital good relate but the plants ~~are~~ could not ~~to~~ creat much response to the development of small scale & cottage industries. This development of large scale highly capital intensive industries could not create much employment potential & thus created create a no impact on the occupation structure of the country.

4) The high rate of growth of labour force is also an important factor which has been creating serious drags on the path of changing the occupational structure in India.

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Factors determining Occupational Structure

Occupational Structure in a country depends on a no. of economic techno-logical & geographical factors. Among these various factors determining occupa-tional structure development of productive factor forces, level of P.C.I, specialization of availability of natural resources are some what more imp.

1) Geographical factor – Untill the industrial revolution in europe geographical factors were crucial in determining the occupational sources of a country. But after various sources of energy were discovered & rapid improvement made in capital equipment used in a industries, the importance of factor like the fertility of soil, climate & availability of mineral resources etc declined in determining the occupations of people have ever in India & such other U.D.Cs geographical factor still play an imp role in determining the occupational structure people have to choose occupations in constraints of available natural resources.

2) Development of productive forces – Occupational structure in any country depends to a large extend on the development of productive forces. As long as productive forces do not develope adequately & techno-logy doesnot ~~acquires~~ acquire

sophis ~~Sofi~~lication & productivity of labour remain low. And as a result a large part of labour engages ~~ther~~ itself in producing food articles This is precisely the prob of most U.D.Cs like India. For example the process of industrialization gets accelerated as productive forces are released & this eventualy helps in the expansion of service industries. But in ~~a~~ India, like in any ~~a~~ other 3rd world country, productive forces are less developed & the available technology is ~~acc~~ backward & as a result the people in this country have little choice but to find employ--ment in agriculture & allied activities.

3) Division of Labour & specializations-

with the introduction of division of labour in production, labour producti-nity rises & transfer of labour force from agri to industries & services take place. This is ~~ina~~ inevitable ~~a~~ because of 2 reasons-

a) In any economy based on division of labour all people need to produce food for them self selves.

b) As productivity rises (Due to introductn of ~~division~~ division of labour) it can met by the production done by a lesser no. of people.

4) Level of per capita Income (P.C.I) :-

The ~~per~~ P.C.I of a country (which reflects the level of his growth) also has a great importance on the occupational distribution of labour force. In all the countries where per capita income is low a substantially large portion of National income is spends on goods produce in the agri sector. As such sizeable labour force in these countries remains employed in agriculture, animal husbandry, fishery & forestry. When growth takes place & per capita income rises, demand for manufacture goods increases & in its response their output is also expanded. This creats more job in the industrial sector

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