

THE STRUCTURAL TRANSFORMATION OF INDIAN ECONOMY: A CRITICAL ANALYSIS

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ABSTRACT

In India structural transformation is occurring i.e. decline in agriculture employment infamously of non agriculture employment. But this form of structural transformation is stunted over many years. One of the reasons is creating employment in un-organized sector where there is no scope of health, employment insurance and pensions. This structural transformation is quite different from trends in China, where population growth rates are near to zero and rapid growth of manufacturing sector with high labour intake and other urban sectors have attracted people from rural to urban areas. In spite of rapid economic growth, India's structural transformation is constrained by the weakness of employment growth in the urban economy, especially in labour-intensive manufacturing.

The divergence rate between rural and urban areas in poverty, per-capita income and consumption has been prevented by structural transformation from agriculture production and employment towards non-agriculture. Rural poverty reduction, rural non-farm sector growth and agricultural and rural wages are continued to be driven by the agricultural growth and productivity. A sustained higher level growth in agriculture and agriculture productivity would be extremely helpful for rural areas. As a consequence, rural welfare can be determined by agricultural and rural development policies, institutions, and programmes.

KEYWORDS: Structural Transformation, Employment, Poverty, Growth, Agriculture, Equality