



Disparity Analysis of Structural Transformation in India: A Path Ways To Vikasit Bharat-2047

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Abstract

Structural transformation refers to the reallocation of economic activities and resources from low-productivity sectors to high-productivity sectors, particularly from agriculture to industry and subsequently to the service sector. This paper analyses the disparity in structural transformation in India with special reference to Andhra Pradesh. The study examines sectoral changes in output, employment, and investment patterns over time and evaluates the role of technological progress, industrialization, and service sector expansion in economic development. Drawing upon the ideas of A.G.B. Fisher and later development economists, the paper highlights how progressive economies experience a steady shift from primary activities to secondary and tertiary sectors.

Keywords: Structural Transformation, Economic Development, Sectoral Shift

1. INTRODUCTION

The paper analyses disparity analysis of structural transformation in India a study with reference to Andhra Pradesh, before we discuss this paper we have define the structural transformation of economy is reallocation of economic activities from low productive sector to high productive sector i.e. from agriculture sector to Industrial sector and then service sector A.G.B. Fisher (1939) “ In every progressive economy, there has been a steady shift of employment and Investment from the essential primary activities to secondary activities of all kinds and to a still greater extent into tertiary production” the major identifying the sectorial changes in three sectors of the economy over a period of time. The evidence of Indian Economy has found that really higher growth of rates this has been recognized at globally and considered as future developed country in the global economy. For the last four and half decade the Indian economy moved its structural changes were took place from agricultural to Industrial sector then service sector in its Gross Domestic Products (GDP). The application of huge technology and innovation culminated in steep rise in productivity, output, employment and Incomes (Nayyar 2013). This will help the manufacturing sector enabled it to produce the goods with lower cost and prices opened opportunities for labour force

to be employed higher than the natural rate of growth of population. The dynamics of the manufacturing sector was popularly considered as in the literature of the economic transformation as an engine of modern economic growth (Sizirmai 2011). if India should developed nation the policy makers seriously considered skills, development of advanced technology such that AI and bio technology and robotics in the production process it enhance production and productivity capacity of the factors of production and increase the GDP growth rate through the sectorial shift.

2. Historical Approach of Economic Transformation

In this paper, we study some of the literature on structural transformation for understanding the nature of India's' structural of economy. Structural transformation revels that how society, polity and economy changed over a period of time, many scholars opined like **Karl Marx** he argued that the relations of production and mode of production paved the way from one stage of society to another stage of development. An alternative interpretation given by **W.W Rostow** for Economic transformation is five stages of development from traditional society to the age of high mass consumption. The modern economic growth is represented by the take off stage. These both



development theories are the factors exist within economic system that determines the changes over a time. **Clark (1940), Kuznets (1957) and Chenery (1960)** they stated that economic growth is accompanied by substantial structural transformation, that is reallocation of economic activities across different sectors of the economy that resources are moved from traditional agriculture sector to modern sector while the initial phases of growth are characterized by the rise of manufacturing, it is overtaken by services as the economy's dominant sector. The dualistic models of economic development Lewis (1954) argued that the traditional sector has a surplus labour employed on subsistence wage and withdrawal of it hardly affects production due to nearly marginally product is zero ($MP=0$). The Modern industrial sector is highly productive and institutionally determined wage rates incentives to transform the economy. Capital accumulation is crucial role in expansion of the modern industrial sector while using unlimited supplies of labour from agriculture to industrial sector this process continues until the development of the economy further **Simon Kuznets (1966)** has examined the evidence of the industrially advanced countries of the world over two centuries and showed that how evolution of the economy in terms of sectorial transformation took place and what factors should determined this change, **Kuznets divided the economic** production system into three sectors, that is agriculture, industry and services. He has shown over a time and across countries that the share of the agriculture sector has secular tendency to decline in national income and the share of the industrial sector gain momentum. The industry emerged as the most dynamic and dominant sector due to rising productivity and innovations. The service sector has maintained its share with minor variation across countries and over a time. Similarly, Kuznets provided empirical evidence on the shift of workforce in the sectorial transformation. The new structural economics mostly emerged from the development experience ce of the East Asian Countries, Lin, Krueger and **Rodrik (2011)** have argued that as the economy transforms from low income agrarian economy to high income Industrialized economy, the structure of the factor endowments evolves from one level of development

to another level. But the industrial up gradation and infrastructural improvement targets in the developing countries should not necessary draw from the industrially advanced countries. In a recent study, **Deepak Nayyar (2020)** has examined structural change in fourteen Asian countries covering period 1970- 2016 and found different paths of structural transformation such that standard pattern of economic transformation, that is from agricultural to industry and then services. But other countries like India, Turkey Thailand Pakistan, Sri Lanka and Vietnam did not confirm to the classical pattern of structural transformation while concluding he has argued that the structural transformation is in complete in most of the Asian countries. It is suggested that a weak sector can make distortion s in the standard pattern of transformation. he has emphasized that the manufacturing sector is essential for building synergy and complementariness to correct the distorted transformation in these countries. Based on the above theoretical back ground the present study consist of the following objectives.

3. Objectives of the Study

1. To assess the growth and structural transformation of economy in India during the study period.
2. To study the disparities analysis of the structural transformation in the selected states and special reference to Andhra Pradesh.
3. To suggest suitable measures for policy makers for acceleration of structural transformation of economy in India and Andhra Pradesh for achieving vision of Viksit Bharath by 2047.

4. Data and Methodology

The study disparity analysis of structural transformation in India a special reference to Andhra Pradesh : A Road Map to Viksit Bharat, for analyzing this study we have taken few states based on their Gross State Domestic Product (GSDP) or Per Capita Income (PCI). The states are classified into developed, medium and lower developed economy's in India. secondary data is collected from 1950 to 2024 (decade and year wise) from the different sources such as Annual Periodical Labour Force Survey (PLFS), various Economic Surveys of



the states Statistical hand Book on Indian Economy, Reserve Bank of India Bulitin, Director of Economic and Statistics, Andhra Pradesh, Govt. of India Report and online data base India stat. com we can used for the study.

5. India’s Economic Transformation

Indian economy to become developed nation on the development process after Independence in 1947, with about 60 per cent of GDP accounted for by agriculture, manufacturing contributing about 13.5 and services about 27.5 per cent, it was structurally comparable to the economy of the Great Britain in the late 1950s and early of 1960s Germany at the beginning of the nineteenth century, United States and Italy and USA their share in Industrial sector is averagely 40 to 50 percent in GDP and services are lower than the manufacturing in those countries but comparatively higher than the India. Similar

comparisons hold in respect of the share of labour force in different sectors such as agriculture accounted for about 75 per cent, industry for about 11 and services 16 per cent of total employment in 1950, in India. This is comparable with the United States of 11.3 percent share of work force in agriculture, 35.5 per cent in industry and 53.3 per cent in services, Britain 12.3 in agriculture 39.2 percent in manufacturing services 52.8 this data shows that the service sector has rapidly increased in USA and Britain with this comparison what India has achieved in terms of structural transformation of seventy five years of Independence in India is much quicker than what developed countries have taken in the historical course. The structure of the Indian economy or sectorial shift has recorded a significant change over a time. The share of sectorial contribution or structural transformation of economy in India is shown in the following table.

Table :1 Share of Sectorial Contribution of GDP during 1950 -2024 in India

Year	Agriculture	Industry	Service Sector
1950	59.2	13.3	27.5
1960	54.8	16.6	28.6
1970	44.3	23.1	32.6
1980	37.1	26.4	36.5
1990	30.2	32.2	37.6
2000	22.6	26.2	51.2
2010	18.9	32.5	48.6
2020	18.5	27.7	53.8
2023	17.7	27.6	54.7
2024	16.4	27.9	54.9

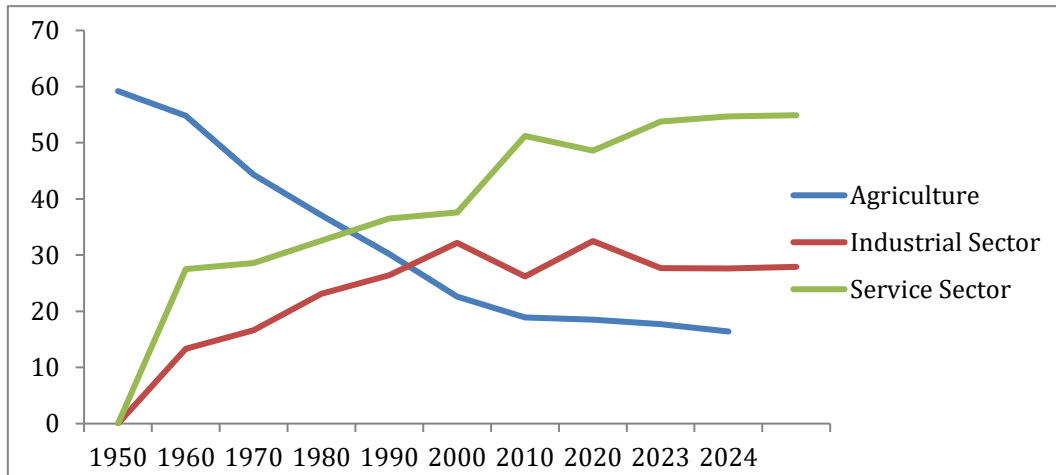
Source: Government of India and various Economic Survey Reports

In the above tables represent that the share of primary sector has continuously declined from 59.2 percent of GDP in 1950 to 16.4 percent in 2024, manufacturing and services are improved its share in Gross Domestic Product from 27.5 percent to 54.9 percent during the period of 1950 to 2024 in service

sector where as manufacturing increased 13.3 percent to 27.9 percent in the same period. The data shows that in sectorial shift in the economy from farm sector to service sector it contributes more than half percentage to the economy and also the structural transformation in India at slower rate.



Figure:1 Share of Sectorial Contribution of GDP during 1950 -2024 in India



Recently India is fastest growing economy and ensure long term sustainability of economic growth these are depends upon the evolution of the structure of the economy and the employment distribution among the sectors. The structure of the Indian

economy or sectorial shift has recorded a significant changing for the last three decades in India in order to new economic reforms and foreign direct investment. The share of work force in sectorial wise in India is shown in the following table.

Table: 2 Share of India’s workforce structure across the Sectors during 1950 -2024 in India

Year	Agriculture	Industry	Service Sector
1950	74.1	10.8	15.1
1960	73.4	10.8	15.8
1970	72.5	11.2	16.1
1980	67.1	13.2	20.1
1990	63.6	14.8	21.6
2000	59.6	16.3	24.1
2010	51.5	21.7	26.8
2020	46.1	24.0	30.1
2023	42.3	26.1	31.6
2024	41.2	26.2	31.7

Source: Government of India and various Economic Survey Reports

In the above tables reveals that the share of workforce distribution in sectorial wise in India the share of workforce in agriculture sector was 74.1 percent in 1950 it was declined to 41.2 percent in 2024 it clearly found that the employment level is continuously decreasing at lower rate but still agriculture sector has major job provider sector in India than manufacturing and service sector. The workforce in form sector higher than the most of the countries that have witnessed structural transformation including China. Instead of declined in the workforce engaged in the agriculture, it started rising especially after the Covid -19 period (ILO, 2024). The service sector employed a higher

proportion of the workforce during the period 1950 - 2024 . The relative share of services sector improved from 15.1 percent in 1950 to 31.7 percent in 2024. It was just 16.1 percentage point increase, whereas the increasing the relative share of service sector in GDP during the same period was 27.4 percentage points is increased. This shows that the contribution of service sector to income is much higher than the contribution of employment.

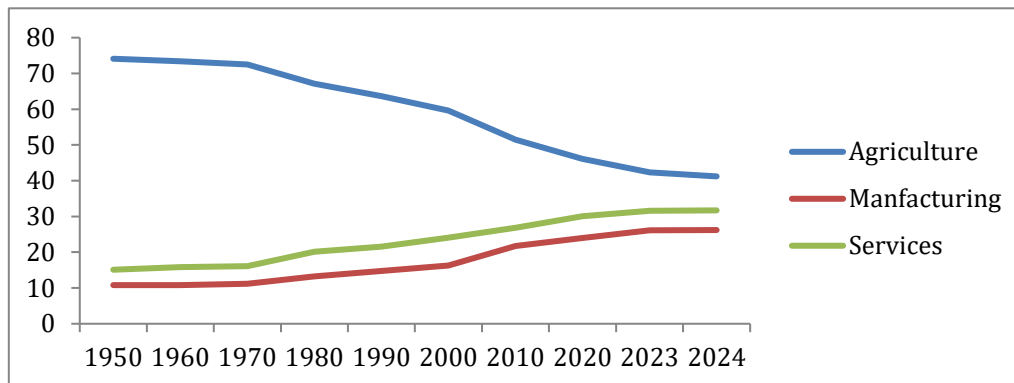
The Industrial sector is also key driver for the economy it contributes the work force share in total employment 10.8 percent share in 1950 it increased to 26.0 percent at present in 2024 its relative share 16.0 percent points increased. When we compare the



relative share of workforce employed in both the industrial and services sectors, these are almost converging at a low level. Thus the burden of workforce is very high in agriculture sector but it

contributes income to GDP is less, the service sector less work force more income contribute to GDP. This is a dichotomy and under developed structural transformation (Sen. 2023)

Figure: 2 Share of India’s workforce structure across the Sectors during 1950 -2024 in India



6. Andhra Pradesh Economic Transformation

Andhra Pradesh is undergoing a significant sectorial transformation from an agriculture-dominated economy toward industrial and service-led growth. The state is aiming to reduce primary sector dependence rate from 40 percent to at least 15-20 percent by 2047 for achieving viksit bharat vision

through shifting labor force toward high-value manufacturing goods and services to access the technology, AI, and IT. Key strategies include regional industrial hubs, enhanced infrastructure, and improved ease of doing business. The sectorial Contribution of Gross State Domestic Product is shown in the following table.

Table: 3 Share of Sectorial Contribution to GSDP in Andhra Pradesh during 1950 -2024 in India

Year	Agriculture	Industry	Service Sector
1950	NIL	NIL	NIL
1960	57.1	15.3	32.1
1970	56.1	16.1	33.6
1980	44.1	16.4	34.1
1990	43.2	17.7	35.6
2000	41.1	18.2	37.1
2010	27.8	20.4	38.5
2020	37.7	21.8	40.5
2023	34.4	25.5	40.1
2024	34.8	26.1	40.8

Source: Various Annual Reports of PLFS Data and Andhra Pradesh Economic Survey

With regard to the sectorial contribution to the Gross State Domestic Product of Andhra Pradesh at constant prices the Contribution of the agricultural sector to the State Gross Domestic Product (GSDP) showed 57.1 percent to 34.8 during the period from 1960 to 2024 it clearly found that the farm sector has 22.3 percent points decreasing over six decades and increase share of manufacturing and service sector to GSDP at positively however

agricultural sector contribution still higher than the manufacturing sector and lesser than the service sector this type of shift of the work force in the economy is not standard pattern of structural transformation as per the development theory and which is not optimistic sign for development of the state with regard to the percentage contribution of the Industry sector to the state Gross State Domestic product, the change is positive but growth is not encouraging to the State.



Table: 4 Share of Andhra Pradesh’s workforce structure across the Sectors during 1950 -2024 in India

Source: Various Annual Reports of PLFS Data and Andhra Pradesh Economic Survey

Year	Agriculture	Industry	Service Sector
1950	65.2	15.1	19.6
1960	61.3	16.1	22.6
1970	55.1	19.1	25.8
1980	51.4	21.4	27.2
1990	48.8	23.2	28.0
2000	44.2	23.9	31.9
2010	43.3	24.2	32.5
2020	42.5	24.4	33.1
2023	41.8	24.6	33.6
2024	40.0	25.7	34.3

In the above table reveals that the workforce distribution among the sector wise in Andhra Pradesh found the agriculture sector is key driver for the state economy’s in terms of generating employment to the livelihood of the rural areas the share of work force 65.2 percentage in total employment in 1950 it declined to 40.0 percent in

2024 the overall 25.1 percentage points are reduced for the last fifty years in spite of declining the work share still agriculture is major job provider sector in Andhra Pradesh. The manufacturing and service sector are increasing the share of workforce at lower rate particularly service sector from 19.6 percent to 34.3 percent for the period from 1950 to 2024

Figure: 3 Share of Andhra Pradesh’s workforce structure across the sectors during 1950 -2024

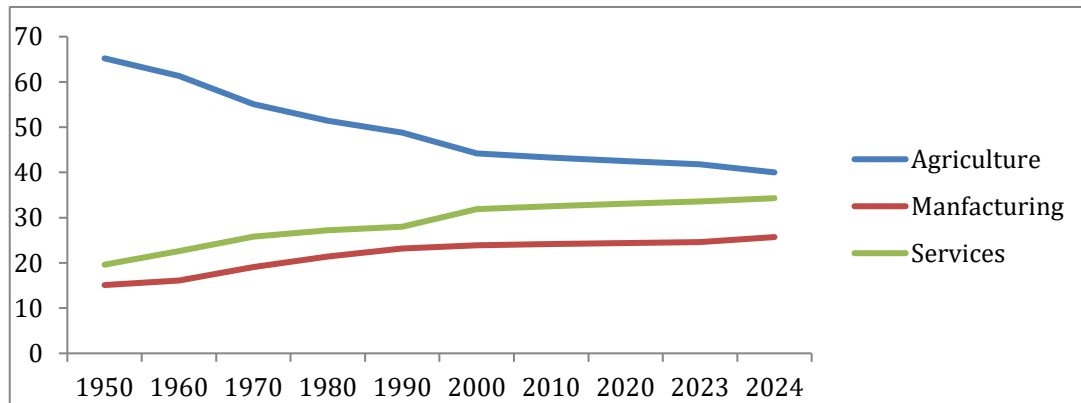


Table: 5 Disparity Analysis of Structural Transformation in India during 1950 – 2024 Employment share in sector wise (%)

Economic Group	Year	Agriculture	Manufacturing Industry	Service Sector
High GSDP States	1950	68.2	17.3	14.5
	1960	65.1	17.3	17.6
	1970	61.9	18.2	19.9
	1980	57.2	19.5	23.3
	1990	53.1	21.2	25.7
	2000	51.9	22.3	25.8
	2010	48.2	24.1	27.7
	2020	45.1	25.1	29.8
	2023	42.2	27.8	30.0
	2024	41.1	26.2	32.7
	Mean value	53.1	21.9	24.7



Medium GSDP States	1950	71.1	16.5	12.4
	1960	67.4	16.9	14.8
	1970	63.8	17.7	17.9
	1980	61.1	18.2	20.7
	1990	59.1	19.2	21.8
	2000	54.1	21.3	24.6
	2010	50.1	21.4	29.1
	2020	46.8	23.2	30.0
	2023	44.4	24.9	30.7
	2024	43.2	25.0	31.8
	Mean value	56.2	20.4	23.4
Lower GSDP States	1950	74.8	13.6	11.6
	1960	71.4	14.1	14.5
	1970	66.2	15.1	19.1
	1980	62.2	16.2	22.2
	1990	59.2	16.6	24.2
	2000	57.2	18.3	25.1
	2010	53.3	20.5	26.2
	2020	51.6	21.8	26.6
	2023	51.1	22.1	27.4
	2024	49.2	23.1	28.4
	Mean value	59.2	18.4	22.4

Sources: Various Annual Reports of PLFS data, Economic survey of India and States Economic surveys

In the structural transformation the shifting of employment share from agriculture to manufacturing and manufacturing to service sector in India during the period from 1950 to 2024 in economic category wise in (see table: 5) the share of labour force in agricultural has continuously decreased from 68.2 percentage to 41.1 percentage in total employment during the period of 1950 to 2024 but in the Manufacturing and service sector the percentage share of labour force slightly increased from 16 percent to 30 percent averagely in the same period in the high GSDP states (Maharastra, Tamilnadu, Gujarat and Karnataka). In Medium of GSDP states (West Bengal, Andhra Pradesh and Telangana) the sectorial shift of employment in these states more or less same there is no significant difference between high GSDP states and Medium GSDP states there structural transformation of

labour force while low GSDP States (Madhya Pradesh, Chattisgarh, Arunachal Pradesh, Orrisa and Bihar) in their percentage of employment engaged in farm sector is very high from 74.2 percent to 49.2 percent in the period from 1950 to 2024. The manufacturing sector and service sector totaling in average is increased at 12 percent to 22 percent in creased in the given period from 1950 to 2024, when we compare this data among the three economic categories of states structural transformation process high in higher GSDP states their contribution to the employment is higher in manufacturing and service sector whereas medium GSDP states are almost all similar with high developed states in lower GSDP states primary sector is dominated in terms employment generation in overall among the three categories of the states still farm sector engaged more employment than the manufacturing and service sector in India.

Figure: 4 Share of Employment in Agricultural sector in Category wise (%) during 1950 -2024

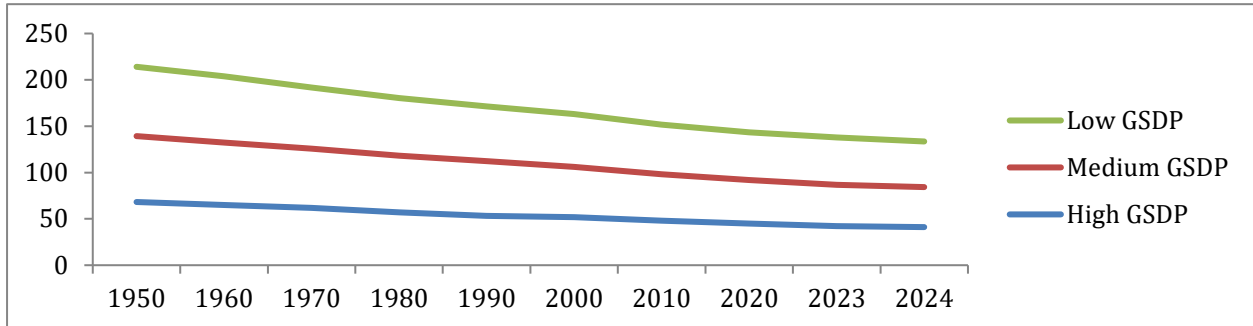


Figure: 5 Share of Employment in manufacturing sector in category wise (%) during 1950 -2024

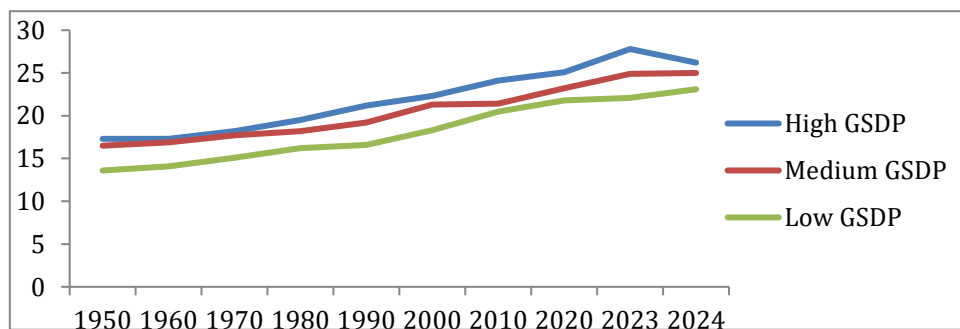
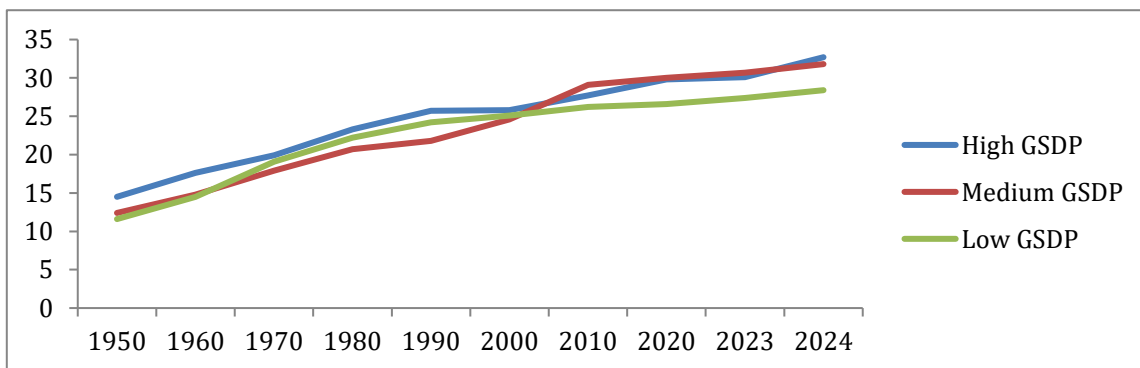


Figure: 6 Share of Employment in Service sector in category wise (%) during 1950 -2024



8. Suggestions for Policy Makers:

Based on this descriptive analysis of the study the following suggestions are recommended to the policy makers for accelerating the structural transformation of the economy in to low value added in farm sector to high value added of manufacturing and service sector. The following some important suggestions are under here. AI based crop intelligence, innovations and technology needs in agriculture sector As per the structural transformation in India, manufacturing sector is constantly increased and it also skipping in the process of sectorial shift. For the development of

manufacturing sector the government promoting MSMEs sector which are highly labour intensive.

From three sectors output increased but labour shift are not moved in effectively in the structural transformation due to 60 per cent of Indian workers lack of secondary education and Gross Enrollment Ratio (GER) is only 29 percent in higher education are cause for low skilled persons so that service sector required more skilling people in order to this the government spent more on Human capital (Health And Education) for enhance the skilling to people. To Increase more capital expenditure (Capex) and private investment particularly foreign



direct investment into economy, the capital expenditure is more productive and stimulating the infrastructure and other capital assets.

To strengthening the tourism sector it is main key driver for the economic growth, India has great potential for the development of tourism sector.

To Investing in R & D and technology these are main engines of economic growth. To encourage more women in economic activities, actually in India low women Participation Rate and also widen disparities between rural and urban area 10.2 percent WPR in rural area while in urban area 60.2 percent the total average of WPR in India is less than 40 percent which is comparatively lower than European countries. To embracing new technology for focus on more labour intensive sectors in multi dimensional way for moved into in structural transformation. Strengthening Blue Economy as India consist vast sea costal area it will helpful to the fishermen and their livelihood

9. Conclusion

From the analysis of this paper it is inferred that the structural transformation in India since 1950 to 2024 the farm sector contribution towards GDP has continuously declined but this sector still major job provider than manufacturing and services. This is a dichotomy nature of structural changes it means in the pattern of structural transformation of western countries is standard pattern where workforce entering into manufacturing sector or services but in India in farm sector significantly engaged labours this is completely against to the standard pattern of structural transformation. The Andhra Pradesh structural transformation of the economy has grown at slower rate when comparison made with other high GDP states it fall under medium level structural transformation further among three economic classification of the state's lower GDP states their sectorial transformation has lower level than medium and high where primary sector has key role in their state's economy and also uneven distribution of workforce among in this sectors, so therefore for to achieving the India's vision of viksit bharaat by 2047 it is collective effort of all the states.

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