

Chapter 2

Review of Literature

2.1 Introduction

Review of literature is one of the vital parts of research as it gives the researcher a proper guideline and subject knowledge in depth for the respective topic. It helps in understanding the techniques and methodology used in the similar studies and finally helps in drawing the research gap which guides the research throughout the research process.

Singh (1980) found that even though the green revolution was ushered in Punjab in the mid-sixties, the condition of agricultural laborers in Ludhiana district had not improved because a large section of them was still living below the poverty line.

William (1985) tried to examine the relationship between imports and regional growth in the northeast. The tariff rates, both nominal and effective, are considered as evidence of national policy that may have benefited this particular region. The findings are that particular industries do benefit from tariff protection, but their location is due to regional resource advantages.

Chandrasekher (1988) observed in his study that the aspects of growth and structural changes in India industry and suggested that industry serving as an engine for a new era of growth. He reviewed first decade of economic planning creditable performance of Indian industry sector and found that after 1965, the economy entered a phase of secular stagnation. He indicated public sector as a main pillar of economic development and Indian Industry developed significantly during 1950-65 with its help. He concluded by

suggesting that public investment is most important indicator of industrial structural change.

Williams (1991) in his study has tried to measure the extent to which recent increases in the aggregate poverty rate are attributable to the changing distribution of employment across industries. He decomposed the total poverty rate change over the 1976-1983 period into components attributable to changes in employment shares and changes in the incidence of poverty within industries. His results show that the poverty rate increased resulted primarily from the decline in employment rates in general and from increased in the incidence of poverty within all industries, rather than from the shift of employment opportunities between sectors. The results suggest that when the impact of such change includes the decrease in employment in the population, employment shifts contributed to 25% or 30% of the poverty rate increase. When the analysis is limited to employed individuals, however, employment shifts made little or no contribution. This increase results primarily from an increase in the incidence of poverty in all industries, good-producing and service-sector alike.

Sandesara (1993) has studied modern small industrial unit along with data from the first census, this paper attempts to highlight some aspects of growth and structural change in modern small industry over the 15 years period between 1972 to 1987-88, the reference years of the two censuses. The focus was on growth and structural change, closures and impact of the policy of reservation. It needs to be noted here that increase in labour productivity has not only been more than that in capital productivity, but also more than that in capital-intensity. This conclusion, seen in the content of what he has said above on

productivity, suggests that as purveyor of employment, modern small industry will play only a modest role in future.

Venkataratnam (1996) highlighted mainly tripartism and structural changes. He divided his study in three parts structural changes in Indian economy, rejuvenation of Tripartism in the contest of structural changes, and performance pitfalls and prescription. He found that steel export has picked up and cement industry, which used to be net importer, became net exports. During the period from 1951 to 1991, major foreign direct investment came from USA and UK. He also discussed industrial financial reconstruction, sick industrial companies (special provisions) Act 1985 and changes in labor welfare the study carried out widening regional disparities in the past adjustment period. He pointed out the reduction in industrial conflict. He concluded that the Indian economy shows positive signs on most measures including growth rate, Inflation, employment and foreign exchange rate.

Balkrishnan (2000) in his study explained the monetary changes with regards to development and welfare. The paper has imagined more with a view to bringing up fundamental issues than giving complete arrangements. He concurred that Indian agribusiness shows up twice honored. Not exclusively do agrarian makers get appropriations obvious on account of manures and undetectable if there should arise an occurrence of water and power, yet they don't pay coordinate duties as do mechanical firms. Further, he says, on the off chance that we need to investigate the things about how agribusiness has reacted to the adjustments in the financial approach administration, and afterward there is have to focus a horticultural yield alone. He clarified the citations in addresses of business analysts and initial clarification of farming development and open

welfare. To survey the agrarian development he mulled over two primary factors, yield and cost. He found, the 1980's demonstrated an ascent in the rate of yield development, the extensions in the high yielding assortment, watered range and open speculation have all indicated with respect to their pace of extension in the 1970's. He concentrated likewise on welfare of non-agribusiness populace. The creation is the poor measure of welfare which is truly what we are at last intrigued by. According to Researcher, an evaluation of the Public Distribution System in relation to the overall requirement for food security would reveal that its role is quite limited constitutionally even a widespread coverage of the PDS cannot take away from the fact that the prevention of inflation is after all a second best policy.

Laitner (2000) in his paper presents a model in which a country's measured average propensity to save endogenously rises when its economy industrializes. The model has agricultural and manufacturing sectors. Only agriculture used land. If at early dates income per capita is low, agricultural consumption is important, land is valuable, and capital gains on land may constitute most wealth accumulation, leaving the country's Nipa apes low. If exogenous technological progress raised incomes over time, Engel's law shifts demand to manufacture goods. Then land's portfolio importance relative to reproducible capital diminishes and the national income and products account saving rate can rise. Although studies sometimes infer that changes in saving behavior led or substantially contributed to income growth, this paper presents a, model in which causality runs the other direction. The new analysis takes account of the composition of assets in household portfolios. When income is low, agriculture tends to be relatively important and capital gains on land camouflage house-hold wealth accumulation from

national income and products accounting. If incomes rise and the share of total expenditures on agricultural goods declines, reproducible capital replaces land in prominence.

Gosh (2003) in his paper tried to explain indicates that the growth of agricultural employment by usual status fell from an annual rate of 2.08 per cent in the period 1987-88 to 1993-94 and it is 0.8 per cent in the period of 1993- 94 to 1999-2000. The paper also throws light on the reasons of decline in the farm employment. The labour saving technologies and pattern like mechanization and shifting of cropping pattern (Especially towards horticulture at the margin in some areas) might have decreased the demand for labour. On the other side, the increase in non-agricultural work has been much less than the decline in agricultural employment. Employment opportunities in agriculture sector are seasonal in nature. To meet the increasing requirements of the family, one has to seek better options of employment, specially, when rural poor is not well equipped financially. A work named, 'Study of financial status of rural poor: Report of the pilot study in Udaipur district' (Sriram).

M.S. and Parhi (2004) highlighted that though rural households had income both from agricultural and non-agricultural sources, however, the income from non-agricultural sources remained higher than from agriculture. A large number of people of the selected area for study go to nearby urban centre for work as this fetches those regular cash as against the seasonal flaws in agriculture.

Amiya (2005) conducted a study on growth and structural change in Gujarat with the help of secondary data covering the time period from 1970-2000. They observed that

linear trend is best fitted for the primary sector and agriculture while semi log linear or quadratic in semi-log form fits better for the rest in terms of adjusted, t-test and F-test. The Researcher found that the average per capita income of Gujarat is higher than that of the country. The results revealed that there is inverse relationship between dependence on agriculture and developed economy. It was concluded from the study that secondary and tertiary sectors are enjoying higher growth rate of economy than that of primary sector.

Siva and Teixeira (2006) conducted a comprehensive survey of the economic literature on structural change. The classical economist mainly focused on growth and distribution of income and wealth with respect to structural change in the time period of 1700-1870. The marginality economist also stressed on maximum utilization of resources allocation and also discussed on long term structural change in economy. The development economists mainly focused on the ways which the different sector of the moved from time to time. It was it was concluded from the study that structural change analysis stresses the significant of the leading technological sector as an engine of growth.

Munjal (2007) examined the structural changes in Indian economy using input-output analysis with the help of secondary data. The study enclosed ten years spending from 1989-90 to 1998-99. She applied “multiplier product matrix”, to analyses these structural changes. The year 1991, when economic reform was introduced, the economy has transformed from a closed economy to open economy. In this study the Research erase to input-output transaction table for the changes finding in the Indian industrial economy over the years. The researcher found that domestic output as percent of total demand has decreased from 95% in 1989-90 to 92% in 1998-99, compared as 23% in 1973-74. The researcher found that the demand of petroleum product increased considerably over the

last three decades. The most important finding was that the Indian economy has witnessed a significant transformation in its economic structure over the time period of 1989-90 to 1998-99.

Ninomiya (2008) in their study presented, a method is proposed a Structural change in the growth process. The formulate the method as simple statistical test for signal detection without constructing any specific model for the structural change. To evaluate the p-value of the test the tube method is developed because planted forest stands of *cryptomeria japonica* in Japan, the study an analysis of identifying the effect of thinning on the growth process as structural change. This article, the study shown that the proposed method can detect a structural change reasonably well for actual data. Used for the testing were annual DBH, which can be regarded as realization. We thus, believe that the proposed method can play a useful role in modeling accurate growth curve when considering a structural change. Further analysis must be conducted for constructing a model with a structural change after detecting the change.

Papola (2012) made an attempt to estimate the structural changes in Indian economy. He analyzed significance of structure change in Indian economy over the last thirty years. He identified and discussed critical issues with respect to the trends in sectoral pattern of GDP growth, industry and interregional; inter class disparities, trade, and employment. The Researcher examined trends of sustainable and equitable growth and development. He also discussed Hindu rate of growth for time period of last three decades. He concluded structural change was related to distribution across size of production unite, Analyzed include sectors and products groups and earning differences across activities skills gender and social groups. The most important finding was that the short term high

GDP growth rate was not also provide sustainable growth. It concluded that while attainment of a reasonably high GDP growth may not be problem in the medium term, its inequitable character is likely to pose a serious threat to its sustainability in the long run.

Cortuk (2013) in his study examined the structural change and growth in India. He constructed the indices of structural change, using the data of India's 16 major states, with the period of 2000-06. This studied used to tools NAV and MLI data for result and for used only secondary data. MLI has major effect on the NAV index through the structural change in the economy. Which use a measure of structural change that gives more heaviness to sect oral shifts into high productivity sectors.

Singariya (2014) in the study revealed that structural changes of an economy that entail the dynamics of sector shares industrial, agricultural and services are related to each other and to economic growth as well. The agriculture and industry are the major contributor of decline in the share of agriculture and industry sector has been a steep decline during the period of 2004-05 to 2011-12. There is a negative association with per capita income in agriculture and positive in the association with the industry and service sector and per capita income. On the other hand there is used of dummy for low income states have positive association with industrial sector and have influenced positively to the economic growth of India. They used statistical method of OLS and after panel diagnostics random effect was found unbiased. Some states were able to shift their labor force increase productivity within those sectors, despite the rapid growth of populations. And using panel data collected by the CSO for thirty two states and UTs of India, The findings also show that the service sector has a highest positive influence on per capita income. The service sector has a highest positive influence on per capita income. Thus the impact of

structural changes is not automatic and homogenous throughout the Indian states during this period. Whether India is capitalized on its favorable growth depends on how well the EAG states are able to reform their economics.

Aggarwal (2015) studied the economic development as the process of structural transformation where the relative share of agriculture in national output falls. But the industry and tertiary sector is upward continues in Haryana. The performance agriculture is examined through major crops, cropping intensity, irrigation intensity, density of tractors, and consumption of fertilizers. The Researcher has concluded that there is a declining share of agriculture in SGDP without a corresponding fall in labour share is matter of concern and needs serious attention on the part of policy maker for innovation.

2.2. Research Gap

The forgone literature review suggests that the various attempts have been made to study the structural change at India level. The issue of structural change and growth relationship has been addressed appropriately at macro level. However, very few attempts have been observed at state level (especially in such states where agriculture is mainstay) structural changes. This prompts the present study. Therefore, in this present study a rigorous attempt has been made to understand the relationship between growth and structural change in Haryana.