

STRUCTURAL SHIFT IN ECONOMY OF HARYANA

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ABSTRACT

The present research paper aims to explore the structural change; nature, structure and growth of Key sectors of Haryana Economy with the aim to draw growth and development related policy implications. Secondary Data have been obtained from Statistical Abstracts, Economic Surveys provided by Department of Economic and Statistical Analysis .

KEYWORDS: *Structural Changes, Primary Sector, Secondary Sector, Tertiary Sector, Haryana.*

1.1: INTRODUCTION

The State of Haryana is the land of rich culture and agricultural prosperity. It is surrounded by Himachal Pradesh in North, Uttar Pradesh in East, Punjab in West and Rajasthan in South. Adjacent to the National Capital, Delhi, the State surrounds it from three sides. The historical region of Haryana emerged on November 1st, 1966, through the division of the state of Punjab. The Word "Haryana" is derived from the Sanskrit terms "Hari" (referring to the Hindu deity Vishnu) and "Ayana" (meaning home), signifying the Abode of God. However, some scholars also propose an alternate origin, suggesting that "Haryana" could be a combination of "Hari" (or "Harit" in Sanskrit) and "Aranya," implying forest.

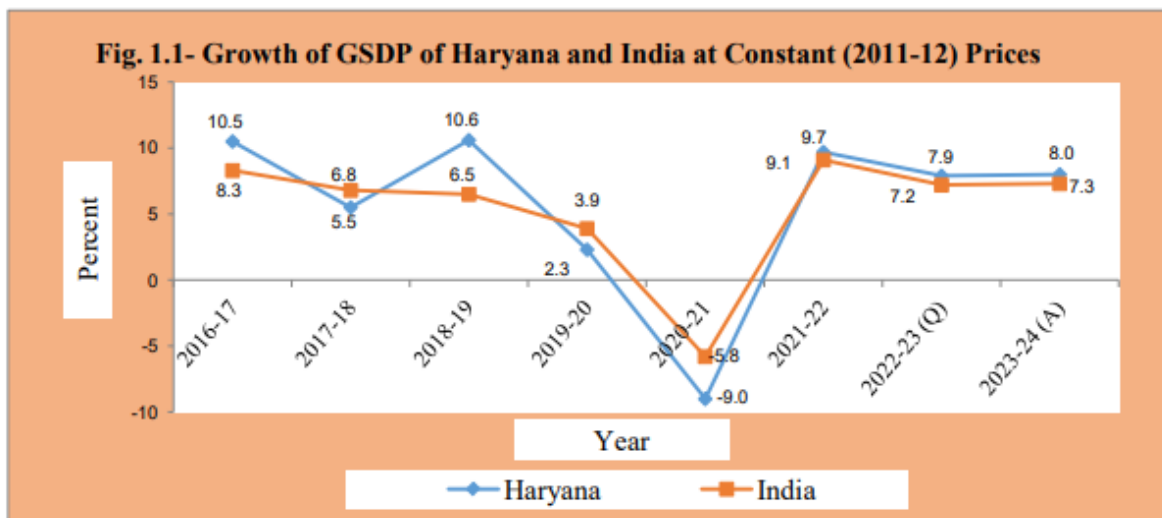
1.2: Structural Shift

The State Government has committed in creating a progressive business environment. With Haryana's structural transformation from an agrarian State to industrial State and services sector recorded robust growth, the State has shown progressive development towards achieving sustainable development goals. Though Haryana is geographically a small State covering only 1.3 percent area of the country, the contribution of the State to the National Gross Domestic Product at real prices is 3.7 percent as per Quick Estimates of 2022-23.

Structural change leads to evolution of new economic systems through the process of transformation. Structural change involves not only shifts in sectoral shares but also changes in the demography and gender structure of the work force, nature of trade, income distribution, social parameters, and environment which collectively affect the lives of people. The present research paper examined the economy of Haryana and found that structural change has taken place in the economy of Haryana.

1.3: GROSS STATE DOMESTIC PRODUCT

Before studying the trends in structural changes, the growth of gross domestic Product in Haryana will provide a quick view of Haryana economy. The Department of Economic & Statistical Affairs, Haryana prepares the estimates of Gross State Domestic Product (GSDP). As per the Advance Estimates for the year 2023-24, the GSDP of the State at current prices has been estimated as `10,95,535.06 crore, recording the growth of 11.3% in 2023-24 as compared to the growth of 13.3% recorded in 2022-23. The GSDP at constant (2011-12) prices is estimated to be `6,34,026.56 crore with a growth of 8.0% in 2023-24 as compared to the growth of 7.9% recorded in 2022-23. The GSDP of the State at current and constant (2011-12) prices is given in Table 1.1 and the year over year (YoY) growth rates of GSDP in real terms are given in Fig. 1.1



Source : Economic Survey Of Haryana: 2023-24

Table 1: GDP HARYANA

(₹ crore)

Year	Gross State Domestic Product	
	At Current Prices	At Constant (2011-12) Prices
2011-12	297538.52	297538.52
2012-13	347032.01	320911.91
2013-14	399268.12	347506.61
2014-15	437144.71	370534.51
2015-16	495504.11	413404.79
2016-17	561424.17	456709.11
2017-18	638832.08	482036.15
2018-19	698939.76	532996.04
2019-20	738052.38	545123.96
2020-21	729078.65	496087.34
2021-22	868905.41	544316.72
2022-23(Q)	984055.44	587197.69
2023-24 (A)	1095535.06	634026.56

Q: Quick Estimates A: Advance Estimates

Source: Department of Economic and Statistical Affairs, Haryana

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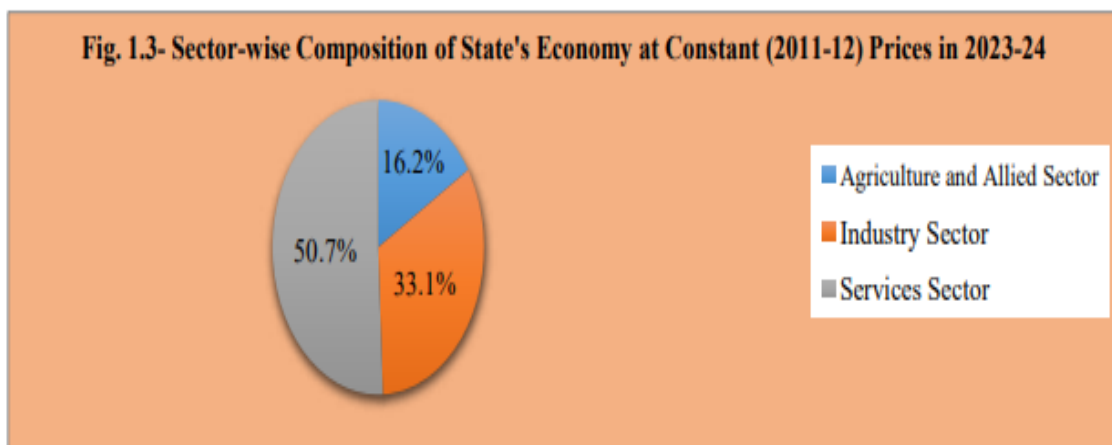
the demography and gender structure of the workforce, nature of trade, income distribution, social parameters, and environment which collectively affect the lives of people. The present research work examined the economy of Haryana and found that structural change has taken place in the economy of Haryana.

At the time of the formation of Haryana State, the State's economy was predominantly agrarian. At the beginning year (1969-70) of 4th Five Year Plan, the contribution of Agriculture and Allied Sectors (crops, livestock, forestry and fishing) to the GSDP at constant prices was the highest (60.7%) followed by Services (21.7%) and Industry (17.6%) Sectors.

During the period of 37 years (1969-70 to 2006-07) intervening 4th and 10th Five Year Plans, Industry and Services Sectors registered higher average annual growth than the Agriculture and Allied Sectors which resulted in the increased share of Industry and Services Sectors and decreased share of Agriculture and Allied Sectors in the GSDP. The share of Agriculture and Allied Sectors in GSDP declined from 60.7% in 1969-70 to 21.3% in 2006-07 while the share of Industry Sector increased from 17.6% in 1969-70 to 32.1% in 2006-07. The share of Services Sector increased from 21.7% to 46.6% during this period.

1.4: Structural Changes :

Since the 11th Five Year Plan, the pace of structural transformation of the State's economy remained continued consequent upon the higher growth recorded in Services sector as compared to other two Sectors during this period and onwards, the share of Services sector in Gross State Value Added strengthened to 50.7% in 2023-24 resulting in the decrease share of Agriculture and Allied Sectors (16.2%). The contribution of Industry Sector has been recorded as 33.1% of the Gross State Value Added in 2023-24. The share of different sectors in the State's economy is presented in Fig. 1.3.



Haryana's growth has been Service led growth especially after 2000. In 1995-96, the relative share of three sectors was almost equal at this point of time Primary Sector (35%), Secondary Sector (33%) and Service Sector (31%). After 1995-96, the share of Secondary Sector almost became stagnant while the share of Service Sector continued to rise. Therefore, it is interesting to point

out that after 1994-95; the economic growth in Haryana became Service led as Service Sector became the dominant sector in Haryana. Comparing the relative shares of the three main sectors, it is found that till the year 1995-96, the Primary Sector continued to be the largest contributor in the Domestic Product. With the falling share of Primary Sector and Secondary Sector, the growth in

NSDP in Haryana could have fallen but the fast growth of Service Sector helped to sustain the NSDP growth in Haryana. It is only the Service Sector which has an increasing share and contribution to growth, with the contribution to growth always higher than its share in output and dominating the other two sectors

The importance of the Services Sector can be gauged by looking at its contribution to the Gross State Value Added (GSVA) of the economy. The share of Services Sector in the GSVA at constant (2011-12) prices has been estimated as 50.7% in 2023-24. The high share of the Services Sector in GSVA marks a structural shift in the State's economy and takes it closer to the fundamental structure of a developed economy. During the period of 11th Five Years Plan, the Services Sector grew at an average annual growth rate of 12.2%.

This growth rate of Services Sector was significantly higher than the average annual growth recorded for combined Agriculture & Allied and Industry Sectors during this period. During the period of 12th Plan (2012-17), the Services Sector grew at the average annual growth of 10.1% which was higher than the average annual growth (6.3%) recorded for combined Agriculture & Allied and Industry Sectors.

After recording the excellent growth throughout the period of 11th and 12th Five Year Plans, the growth of Services Sector became slow. The Services Sector recorded the growth of 5.6%, 8.5%, 5.0% and -10.5% in 2017-18, 2018-19, 2019-20 and 2020-21, respectively. After that, Sector recorded excellent growth of 11.3% during 2021-22. As per the Quick Estimates of 2022-23, the real GSVA from this sector has estimated to be ₹ 2,60,830.40 crore as against the Provisional Estimates of ₹ 2,38,130.20 crore in 2021-22, registering a growth of 9.5% in 2022-23. As per the Advance Estimates for 2023-24, the GSVA from Services Sector has been estimated as ₹ 2,84,176.93 crore with the growth of 9.0% over 2022-23. The growth of 9.0% recorded in Services Sector is mainly due to the excellent growth recorded in Trade, Repair, Hotel & Restaurants (14.9%) Transport, storage, communication (9.9%) and Financial services, Real Estate & professional services (6.9%) Sectors as shown in table

TABLE: GSVA FROM SERVICES SECTOR AT CONSTANT (2011-12) PRICES

(₹ in crore)

Sector	2011-12	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (Q)	2023-24 (A)
Trade, Repair, Hotels & Restaurants	33107.42	55986.73 (11.3)	62645.36 (11.9)	69277.80 (10.6)	74402.78 (7.4)	59542.95 (-20.0)	63758.67 (7.1)	70144.21 (10.0)	80593.60 (14.9)
Transport, Storage, Communication & Services related to Broadcasting	17276.89	24631.92 (1.0)	24707.85 (0.3)	25412.16 (2.9)	26480.14 (4.2)	22774.01 (-14.0)	28057.67 (23.2)	29206.93 (4.1)	32087.00 (9.9)
Financial, Real Estate & Professional Services	52584.59	89570.59 (9.3)	90199.05 (0.7)	99480.81 (10.3)	102215.14 (2.7)	99029.28 (-3.1)	110384.91 (11.5)	123186.58 (11.6)	131745.90 (6.9)
Public Administration, Defence and Other Services	19956.26	28722.72 (8.0)	32425.19 (12.9)	33571.24 (3.5)	36045.79 (7.4)	32600.94 (-9.6)	35928.95 (10.2)	38292.68 (6.6)	39750.43 (3.8)
Overall Services	122925.16	198911.97 (8.6)	209977.45 (5.6)	227742.02 (8.5)	239143.86 (5.0)	213947.18 (-10.5)	238130.20 (11.3)	260830.40 (9.5)	284176.93 (9.0)

Q: Quick; Estimates A: Advance Estimates* Figures in brackets show the percentage growth over previous year.

Source: Department of Economic & Statistical Affairs, Haryana.

1.5: Why services Sector

Many factors like close proximity to the national capital, supportive infrastructure, better law and order conditions, cordial labor relations and administrative efficiency favored to accelerate the growth of Service Sector. Service Sector also meets the growing demand for education, health and physical infrastructure. The high growth of IT and IT-enabled activities and the demand generated by other sectors for such services boosted the growth. The rising demand for modern technology and

skill based services like digital services, financial services and support services established Service Sector as input provider through intermediate services to other sectors like Manufacturing Sector in Haryana. However, it is to be noted that the Service Sector growth in output has not been converted into employment growth in Haryana. Primary Sector experienced a low growth rate of employment while the growth rate of Secondary Sector was above 5 percent during the decade of 70s and 90s. The service sector experienced a continuous rise in its employment growth from 3.94 percent in 70s to 7 percent in the 90s.

There has been significant decline in the percent of population below poverty line. There is also reduction in rural poverty. But, Haryana economy underwent the process of liberalization and globalization leading to jobless growth, growing informalization and casualization of the workforce. In short, “Haryana is among the fast growing states of India and has undergone the process of structural change similar to the pattern followed by Indian economy”.

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