

Sources of Structural Changes in the Indian Economy during the Pre-Reforms Period: 1951-1952 to 1983-1984

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In this article, India's sources of structural change for from 1951-1952 to 1983-1984 have been examined. Though this entire period falls before the '1991- liberalization' policy shift, there were subtle overtures towards opening up since the early seventies. Capturing the sensitivity of the economy to this policy shift has been attempted here. Six input-output tables with eighteen-sector classification scheme have been used. It was found that the non-proportional growth in the Indian economy was largely driven by technological change and, to a certain extent, import substitution from 1951-1952 to 1983-1984. The contribution of exports in changing the structure of the Indian economy was quite limited for the said period.

The purpose of economic development is not only to increase output but also to change the composition of output. The Second Five-Year Plan states, "Development alters the levels as well as the structure of demands and supplies, and these changes come about through and further promote changes in the allocation of resources. Obviously a doubling of national income does not mean that all products and services flow in twice the initial rate.... As the community's needs are satisfied, new wants inevitably appear and these have to be met through supplies of new types of products" (*Second Five-Year Plan* 1956, p. 12). Thus, structural change in an economy consists of change in the composition of its output. The purpose of this paper is to examine the sources of structural change in the Indian economy for the period 1951-1952 to 1983-1984. An analysis of sources of growth in the total output can be carried out from the demand side and from the supply side. An analysis from demand side has been attempted here.

The growth in output from demand side arises out of four factors, viz., (1) The change in final demand; (2) The change in exports; (3) The change in import structure; and, (4) The change in technology. This paper has been organized in the following manner. The next section gives the database of the study. Section 3 explains the methodology used. Section 4 discusses the results and the last section has the conclusions.

Policy Regime: The sources of growth for the Indian economy have been estimated for the period from 1951-1952 to 1983-1984, with special reference to