

# Population Growth and Its Possible Effects on Indian Economy: A Study



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## Abstract

US Census Bureau world population estimate in 2016 shows that there are approximately 7.3 billion people on earth as of August 23, 2016, which far exceeds the population of 7.2 billion from 2015. It also estimates that there is one birth every 7 seconds and one death every 13 seconds, with a net gain of one person on earth every 11 seconds. Indian population according to the census 2011, was 1.21 billion, which is more than previous census 2001, it was 1.02 billion. So the growing population has major cause of concern not for world but also for India. The increasing trends of population is beneficial in some way like in India more than 50 percent population is 25 year old or less, in future India can be a hub of youth. In other aspects it will creates some problem like less agriculture land leads to food crisis, water crisis, poverty, pollution etc. Keeping in above backdrop, the present paper is humble attempt to find out the probable effects of growing population on Indian economy.

**Keywords:** Population Growth, Poverty & Indian Economy

## Introduction

Population of any country including India is an essential factor for the development of its economy. Population was one of the most important contributory factors in the 'early development' of Western countries. Increasing population provided additional hands to work and additional pockets to buy the newly produced goods. India is the second highly populous country in the world after the China, constitutes only 2.4 per cent of the world's land area and supports 17.31 per cent of the world's population. According to the United Nations Fund on Population Activities (UNFPA) the world population increases by about 78 crores every year, India contributes about one-fifth of this growth. According to 2011 census, India's population was 1.21 billion comprising 624 million males and 587 million females. There was increase of 181 million people since the census 2001 which is nearly equivalent to the population of Brazil. The Current population of India as per latest United Nations estimate is 1.35 billion with a contribution of 17.74 percent in world population and second rank in the list of countries by population (World meters, 2018).

There is lot of controversies among researchers about the relationship between population growth and economic development of the country. Some considers population growth as a major hindrance in the development of the country and others have positive view about the relationship. The population growth in India has proved to be more an obstacle to its development efforts rather than a contributory factor as demographic dividend in economic growth. The pressure of over population is much higher in the greater plain of India having 33% of the total population of India. The above mention fact indicates that in the northern plain main cause of environmental degradation is rapid growth of population that puts severe pressure on natural resources (Kaushik 2015). According to the neo-classical growth model, population (Labour) is beneficial to an economy due to the fact that population growth is correlated to technological advancement. Rising population promotes the need for some sort of technological changes in order to meet the rising demand for certain goods and services.

With the increased populace, economies are blessed with a large labor force, making it cheaper as well, due to its immense availability. According to these growth model, the technological advancement that accompanies the growth of population and the expansion of population, allows for even more population to survive due to the rise in overall outputs by the business and the nation as a whole. Thus, it generates demands for goods and results in improved economic growth (Chandra, 2004).

**Objective of the Study**

The present paper is an attempt to achieve the following three main objectives:

1. To know the impact of population growth on Indian economy.
2. To identify the relationship between demographic dividend and economic growth of India.
3. To draw policy implication from the present study.

**Data Sources and Research Methodology**

The present study is based on secondary data which has taken from various websites, census 2001 & 2011, planning commission, various issues of RBI report etc. Descriptive research design has been used for highlighting the impacts of population growth on Indian Economy. The available data has been presented in the form of suitable tables.

**Present Status of Population In India**

At the time of the 1891 census, India's population was 236,000,000. Thirty years later-that is, in 1921-its population had increased by 12,000,000. During the next thirty years, from 1921 to 1951, however, India's population increased by 10900,000 nine times as much (Census of India, 1950). After

**Table No: 2 Population Dynamics: India and Other Selected Countries/Group**

Country/Group	Population (millions)		
	2000	2012	2025
India	1042.30	1236.70	1418.70
China	1262.60	1350.70	1415.90
Mongolia	2.4	2.8	3.3
Viet Nam	77.6	88.8	95.8
Philippines	77.7	96.7	119.2
Indonesia	208.9	246.9	282
Europe & Central Asia	256.5	272.1	281.3
Latin America & Caribbean	500.3	581.4	660.2
Middle East & North Africa	276.6	339.6	413.3

**Source:** World Development Indicators 2013; World Bank

Population dynamics of India and some other countries is given above in table no. 2. This table depicts that the population of India will be highest population country with 1418.70 million populations in 2025. India will cross China whose projected population will be 1415.90 million populations in 2025.

**Effects of Population Growth on Indian Economy**

The probable effects of population growth on Indian economy are as follows:-

**Population Growth and Agriculture Land**

As the population is increasing agriculture land is decreasing. Due to increasing population per capita availability of land goes down and on the other, the problem of fragmentation of holdings goes on increasing. So, it adversely affects the economic development of the country.

**Population Growth and Poverty**

Rising population increases poverty, but as per Govt. records poverty has decreased from 36% in 1994 to 26% in 2012. It seems only an illusion in records actual situation may be reverse. People have to spend a large portion of their financial resources for the satisfaction of their basic needs, it results into less saving and low rate of capital formation.

**Population Growth and Unemployment**

Unemployment is increasing in India as like population. Employment to population ratio was 58 in

1951 the population of India continuously is increasing (table no. 1).

In this table it is clear that the population is increasing with a high speed, and this was 361 million in 1950-51 and 846 million in 1990-91. Our current population is 1210.2 millions.

**Table No 1****Population of India and Growth Rate from 1951 To 2011**

Year	Population (in millions)	Year	Growth rate (in %)
1950-51	361	1951-61	21.64%
1960-61	439	1961-71	24.80%
1970-71	548	1971-81	24.66%
1980-81	683	1981-91	23.87%
1990-91	846	1991-01	21.54%
2000-01	1028.7	2001-11	17.64%
2010-11	1210.2		

**Source:** Census of India, 2011 and various Economic Survey of India.

1991 while 54 in 2011. This shows that employment opportunity is not increasing as the population is increasing rather it forms a large army of labor force.

**Population Growth and Health**

In India, population explosion is the result of high birth rate. High birth rate reduces health and welfare of women. Frequent pregnancy is hazards to the health of the mother and the child. In India early marriages is reason for the decreasing health status in females and in their babies. Hence to improve the welfare and status of women in our society, we have to reduce the birth rate as soon as possible.

**Population Growth and Water**

Demands for water are also increasing with population. More water for their daily activities. Drinking water level is decreasing due to increasing demand for drinking water. This is creating severe problems in most of the states.

**Population Growth and Food**

Food requirement of 121 crore Indian with limited agriculture land is quite difficult. Low availability of food affects their health and productivity. Population explosion in India has resulted in a serious food shortage in the country. In spite of the fact that more than seventy percent of the working people are engaged in agriculture, Indian people still do not get

even the minimum necessary amount of food. (Mazidbhai and Sabarkantha 2015)

#### **Population Growth and Social Problem & Crime**

Increasing population level can creates the problem of unemployment and food crisis which further leads to frustration and anger among the educated youth. When it find difficult to employ somewhere then this youth involve themselves in crime such as dacoits, terrorist activities, snatchers, robbery, beggary, prostitution and murder etc. It also leads to migration of people from rural areas to the urban areas causing the growth of slum areas. People live in most unhygienic and insanitary conditions.

#### **Population Growth and Foreign trade**

Increasing population shall demand for more goods & services and these demands can only be fulfilled with the help of imports of such goods. India's imports are increasing every year Rs. 2,45,200 crore in 2001-02, Rs. 8,40,506 crore in 2006-07, Rs. 23,45,463 crore in 2011-12 and Rs. 24,90,298 crore in 2015-16. So we are spending a lot to meet the demand of the population.

#### **Population Growth and Environment**

Increasing population is also destroying our environment in many facets like destroying forest, which results in air, noise & water pollution. Due to increasing air and water pollution food productivity is decreasing. As population is increasing global warming is also increasing which directly damage to biosphere.

#### **Population Growth and Standard of Living**

Rapidly increasing population is responsible for low standard of living in India. Low standard of living will lead to low per capita demand for quality foods and health services. Which further isolate them from the society and generates gap.

#### **Suggestions**

From the above discussions, the following suggestions may be helpful in controlling the increasing population:

1. Enforcement of marriage law strictly so that child marriage can stop.
2. Giving the more employment opportunity to poor people. Because it will increase the income level of poor people and they will take education.
3. Educational and awareness programs about the importance of family planning for poor class must also start.
4. Some NGO's should be appointed by Government for promoting awareness in general public.
5. One child in family concept should be start strictly.
6. Govt. should also invest in health infrastructure so that economic development can be possible.

#### **Conclusion with Policy Implications**

In concluding words, we can say that Indian population is increasing continuously since independence; if it will be continue with this rate then India will be the highest populated country very soon which will be very alarming for India. This population explosion can creates some severe problems in the coming years as discussed above. Therefore it is imperative for the Government, policy makers and NGO's must take some steps for preventing it. A clear

policy with strictly implementation is necessary. Not only formulation of policy but also education and awareness among general public is necessary regarding the ill effects of population explosion. Family planning programs and its importance are also being passed to general public and needs to be strengthened. Some punishment should be for non adherence of such kind of rules. Increasing Population will demand more goods & services which can be possible with high value imports & loan from developed economy. So we should take care of future generations as well as we should take benefits of demographic dividend by controlling unexpected growth in population. To make India a better place to live and for sustainable development of the country, population must be controlled and quality education and health services must be provided so that we can utilize the demographic dividend of the country in a right direction.

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