



*Journal of Advances and
Scholarly Researches in
Allied Education*

*Vol. XI, Issue No. XXI,
Apr-2016, ISSN 2230-7540*

**SECTORAL CONTRIBUTIONS AND ITS
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PRODUCT OF MIZORAM**

AN
INTERNATIONALLY
INDEXED PEER
REVIEWED &
REFEREED JOURNAL

Sectoral Contributions and its Performances to Gross State Domestic Product of Mizoram

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Abstract – Calculation of performance of sectors within the economy is vitally important for analyzing and allocation of funds to different purposes. Empirical evidence and the use of secondary data reveal that different sectors working in the economy could be prioritized according to the contribution made by them to Gross State Domestic Product (GSDP). Due to the low level development and scarcity of credit, some sectors in the economy are standstill and have less contribution to Gross State Domestic Product. The increasing trend of Gross Domestic Product is the very common feature of development, but unequal contribution of different sectors to GSDP signifying the occurrence of varying degrees of development, and this is the more concern of this paper. This paper mainly tries to examine the relative contributions and importance of different working sectors to the Gross State Domestic Product.

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INTRODUCTION

Traditionally every economy can be divided into three main sectors viz. Primary Sector, Secondary Sector and Tertiary Sector or Service Sector. These three sectors are closely interlinked with each other. Normally, the performance of the previous two sectors i.e. primary and secondary sectors made a way for successful development of Service Sector. Due to this, most of the developing economies have put more efforts for the development of the previous two sectors.

Generally the primary sector consists of agriculture, forestry & fishing, Mining & Quarrying. Secondary Sector is composed of Manufacturing; Electricity, Gas, Water Supply; Construction. Service sector includes Trade, Hotels, Transport & Communication; Financing, Insurance, Real Estate & Business Service; Community, Social & Personal Services.

Change of Base Year:

The Central Statistical Organisation (CSO) has revised national accounts with a new series with 2004-2005 as the base year. Consequently, Mizoram has also adopted the new base year i.e. 2004-2005 for accounting of reference. So, the Directorate of Economics & Statistics (DES), Mizoram has prepared the estimate of Gross State Domestic Product (GSDP) and Net State Domestic Product (NSDP) with the reference base year 2004-2005 in line with the concept coverage and methodology recommended by CSO, Govt. of India.

The estimates of GSDP at current prices, over the time do not reveal the actual economic growth because this contain the combine effect of (i) changes in the volume of goods and services (ii) changes in the price of goods and services. In order to eliminate the effects of inflation/ changes, it was a need to estimate the actual Gross State Domestic Product on the basis of base year i.e. 2004-2005, recommended by CSO and the same was reviewed when and if necessary and this estimate is commonly known as the estimates of Gross State Domestic Product (GSDP) at constant prices.

Increase of Gross Domestic Product:

The Gross State Domestic Product has been continuously increasing over the years with impressive rate. Gross State Domestic Product (GSDP) at factor cost at constant prices (2004-2005) is estimated to attain an amount of Rs. 560779/- lakhs in 2013-14 against the provisional estimates of Rs. 520289/- lakhs for the 2012-2013 showing a growth of about 8% over the previous year^(Table II). The GSDP at constant (2004-2005) prices has clocked 9% average annual growth rate during the financial years between 2004-2005 to 2013-2014.

The contribution of different sectors to the GSDP shows the relative importance of different sectors in the economy. Due to the underdevelopment of the economy, some of the sectors could not be expected to have big influence on GSDP. Meager credit facilities and low profit prospect are the main problems of this economy, so that some of the sectors in the state are standstill i.e., they are not expected to create surpluses. More than half of the

population got their livelihood from the primary occupations because of the low level techniques of production and illiteracy so that the productivity of the people engaged in primary occupation are very low as compared to the other regions of India.

Table 1. Sectoral Share in Percentage (base year 2004-2005)

Year	Agriculture & Allied Sector		Industry Sector		Service Sector	
	Current Price	Constant Price (2004-2005)	Current Price	Constant Price (2004-2005)	Current Price	Constant Price (2004-2005)
2004-2005	23.50	23.50	16.60	16.60	59.90	59.90
2005-2006	21.81	22.32	20.12	19.94	58.07	57.74
2006-2007	20.84	21.37	19.52	19.24	59.64	59.74
2007-2008	21.00	21.96	20.01	19.58	58.99	59.39
2008-2009	20.55	21.74	20.80	20.17	58.65	58.46
2009-2010	20.50	21.12	19.53	18.55	59.97	58.09
2010-2011	20.07	20.98	17.29	16.44	62.64	60.33
2011-2012	20.02	20.86	18.66	17.27	61.32	62.58
2012-2013(P)	18.17	19.46	22.02	16.44	59.81	61.09
2013-2014(Pr)	16.26	18.07	26.05	15.73	57.69	66.20

P is Provisional Estimates & Pr is Projected Estimates

Primary Sector:

Agriculture and Allied sector which comprises Agriculture, Forestry, Fishing has contributed 23.50% of the GSDP during 2004-2005^(Table 1). GSDP of Agriculture and allied sector for 2004-2005 stood at Rs. 63025 lakhs, which was increased to Rs. 64053 lakhs during 2005-2006 or 22.32% contributed to GSDP. The share of agriculture and its allied sector to GSDP has declined over the years. During the years i.e. between 2006-2007 to 2009-2010, the share of agriculture and its allied sectors to the GSDP was around 21% and its contribution in actual terms was ranging between Rs. 64227 lakhs to Rs. 89737 lakhs. The data clearly reveals that, in monetary terms, the contribution of agriculture and its allied sector was going to increase at a decreasing rate. Another unfortunate data pertained to the agriculture and its allied sector was that her share to GSDP began to sink at 19.46% in 2012-2013 and the percentage continues to decline at 18.07% in 2013-14. This declining data is likely to continue in the future also. As per 2001 census, about 60 percent of the total population get their livelihood from agriculture and its allied activities directly or indirectly. In spite of the greater captivation of man power to this sector, the share of contribution to the GSDP is somewhat less and less important. The table 1 & 2 reveals that primary sector is the most absorbing man power resources of the state, but there was an inappropriate allocation of resource in this very sector. Surplus man power or excess allocation of resources is the common feature in this sector. In other words, disguised unemployment is the common feature of this sector. Proper reallocation and rearrangement of human resources in this sector alongwith other sector is very much essential for development of other sectors and development of the state for the years to come.

Table 2. Sectoral Contribution to GSDP (Base Year 2004-2005)

(Rs. In Lakhs)

Year	Agriculture & Allied Sector		Industry Sector		Service Sector	
	Current Price	Constant Price (2004-2005)	Current Price	Constant Price (2004-2005)	Current Price	Constant Price (2004-2005)
2004-2005	63025	63025	44529	44529	160643	160643
2005-2006	64787	64053	59783	57197	172545	165692
2006-2007	68565	64227	64208	57826	196225	178534
2007-2008	80109	73258	76345	65327	225097	195036
2008-2009	94065	82198	95201	76289	268445	219650
2009-2010	107836	89737	102729	78817	315420	256342
2010-2011	128206	104474	110431	81867	400151	311591
2011-2012	137955	101221	128546	83791	422474	300194
2012-2013(P)	151960	101257	184122	85557	500210	333475
2013-2014(Pr)	167424	101332	268217	88213	594057	371233

P is Provisional Estimates & Pr is Projected Estimates

Kharif crops are the main items in the agriculture sector. Unfortunately, the contribution of this crop to the GSDP is quite negligible which may be due to climatic conditions and irregular rainfall cycle. The high dependency on agriculture and allied activities for earning livelihood coupled with limited irrigation potential in the state resulting only in single crop on most lands, suggests the need to explore options for income earning potential from this sector is very vital. Another unfortunate upon this sector is the low percentage growth rate as compared to the other sectors within the state. As per the advance estimate in 2007-2008, this sector has achieved 3.16 growth rate; this low percentage growth rate during the said period were mainly attributed to the onset of bamboo flowering in the state and heavy rainfall (3140.40 mm), these factors has great unfavorable impact on the agriculture production in the state.

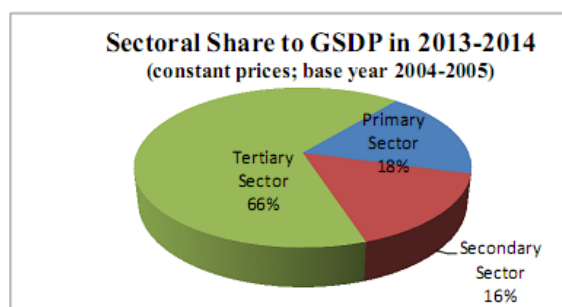
Industrial Sector:

The industrial sector which includes mining and quarrying, manufacturing, construction, electricity, gas & water supply has achieved growth rate 4.68 percent during 2007-08, in which the dominant contribution is construction sector. As per the projected estimate for the year 2013 - 2014, which was published on 2014-15, among the industrial sector, construction sector alone contributed 21.91 percent to GSDP. The total contribution of secondary sector to the GSDP in 2013-2014 (Pr) at constant prices was stood at Rs. 88213 lakhs. In 2004- 2005, the Industry sector contributed Rs. 44529 lakhs. The comparison of contribution by this sector to GSDP between 2004-2005 to 2013-2014 was about the two fold. The sectoral share of an industry to the GSDP as observed from data between 2004-2005 to 2013-2014 range an average of 18 percent. Over the years, the contribution of industry sector to the state gross domestic product has not been significant; this is mainly due to low output, inefficient managerial capability, low market prospects and low level of investment. The manufacturing sector in the state mainly comprised of tiny and small scale

industries. With the absence of big and medium industries, the share to the GSDP could not be large. Table 3 reveals that during 2013-2014, manufacturing as well as mining and quarrying sector hardly contribute less than 1 percent to the state's income.

Tertiary Sector / Service Sector:

The service sector comprises (i) transport, storage and communication (ii) Trade, Hotels and Restaurants (iii) Banking & Insurance (iv) Real Estate, Business Services etc, (iv) Public Administration and (v) Other Services. Over the years, this sector always has the highest contribution to GSDP. The tertiary sector is mostly driven by Public Administration, other services and real estate, ownership of dwellings and business services. In 2004-2005, the service sector contributes Rs. 160643 lakhs or 59.90 percent to GSDP. During 2013-2014, the sector contributes 66.20 percent or Rs 371233 lakhs to the GSDP (constant prices). The Sectoral growth rate over the previous year was stood at 11.32 percent. During the last decade, the share of Service Sector in the Gross State Domestic Product has increased steadily from 59 percent to 66 percent. Of the tertiary sector, Public Administration (19.06 percent) and Real Estate & Business Services (14.55 percent) are the major contributors.



Dominance of Service Sector:

Estimates of Gross Domestic Product is one of the most important economic indicators to measure overall economic development of a state. It is the estimates of value of all goods and services produced within the state during a reference period of time. The study of sector's share towards GSDP by industry of origin can be seen from the table below and clearly reveals that the predominance of service sector in terms of contribution to Gross Domestic Product. Service sector has contributed the largest share of 67.12 percent during 2007-08 followed by Industrial sector and Agriculture & Allied with a share of 17.65 percent and 15.23 percent respectively.

Sectoral growth trends are worth noticing. The service sector has grown steadily at a very fast rate, which implies that the structural changes have tilted in favour of service sector while other sectors particularly agriculture sector have shown a more declining trend

towards its contribution to the gross state domestic product since 2006-07, which is not a favourable condition for a state like Mizoram, where majority of her population got their livelihood from agriculture and its allied activities. Meanwhile, the share of industrial sector (secondary sector) have shown an increasing trend towards its contribution to the state gross domestic product. But its contribution is still around 16 percent (2006-2007), which may be attributed mainly to the absence of big industry in the state.

Table 3. Sectoral Share to Gross State Domestic Product (Projected Figure)

Sl. No	Sector	Percent Share to GSDP at constant price (Base year 2004-2005)	
		2006-07	2013-14
1	Agriculture	14.19	12.01
2	Forestry	0.86	3.59
3	Fishing	1.02	0.66
4	Mining & Quarrying	0.27	0.11
5	Manufacturing	1.46	0.97
6	Construction	11.05	21.91
7	Electricity, Gas & Water Supply	3.47	3.05
8	Transport, Storage & Communication	2.28	2.43
9	Trade, Hotel & Restaurant	6.67	8.06
10	Banking & Insurance	3.57	1.88
11	Real Estate & Business Services	23.1	14.55
12	Public Administration	21.7	19.06
13	Other Services	10.36	11.72

CONCLUSION:

The comparison of data reveals that service sector is the most important sector in terms of contribution to the GSDP. Within the service sector Public administration, Real Estate and Other services are the top contributors; but these sectors are not in constant touch with the majority of the population instead they are concentrated only in urban centres. In order to enhance the contributions by the primary and secondary sectors to GSDP, the state

government was in need to must come out and injects more investment into these two sectors, because no big business houses do not want to come in from other parts of the country. Extension and easy accessibility shall be vitally importance for the development of primary and secondary sectors. Easy disposed of the products have greatly increase the chance of survival for the farms and manufacturing industries, whatever products produced by any sectors should be sold in the market at a reasonable price, otherwise it will not worthwhile to carrying business responsibility. Like other North-Eastern states, industrialization is at nascent stage in Mizoram, so that rational and meaningful choice of industrial strategy is very important for future industrial development. Lack of entrepreneurs and good quality of man power are other impediments that decelerate industrial development in Mizoram.

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