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The Uneven Growth of Capitalism in India

By Masoud Movahed
Masoud Movahed is a doctoral candidate at the University of Wisconsin-Madison. He contributes to, among others, *Foreign Affairs*, *Harvard International Review, Yale Journal of International Affairs, World Economic Forum* and *Al Jazeera English*.

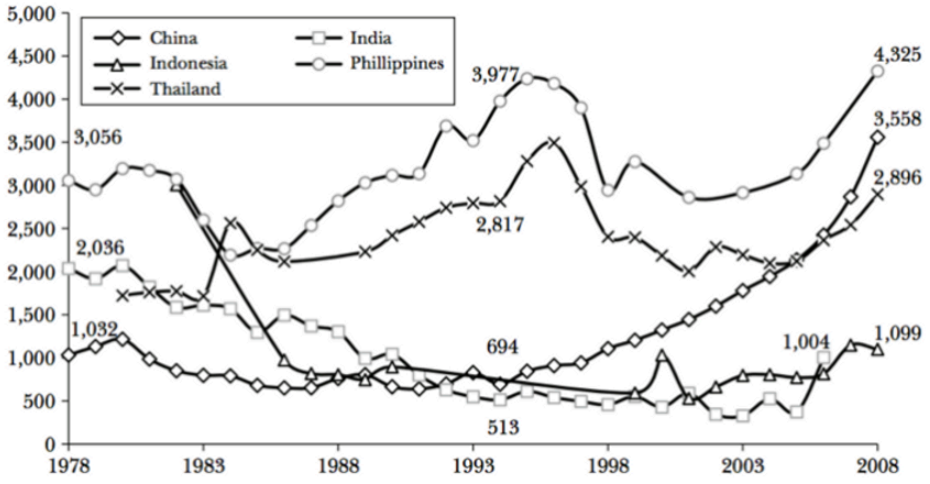
Following the neoliberal reforms of the early 1990s, the Indian economy has consistently witnessed impressive GDP growth rates. The last-half century of the colonial rule—the notorious 'British Raj'—generated an almost zero-growth economy, grinding poverty levels for the population, a stagnant agrarian setting, and a highly uneven industrial base. Once the British Raj was over, the post-independence planning regime (1950-1991) generated mediocre GDP growth rates that hovered around 3.5% in the 1970s, rising to around 5 percent in the 1980s. By the turn of the century, when the reforms had already been implemented—dismantling a vast panoply of state regulations and the "license raj"—India's GDP grew by 8 percent on average. Compared to the dismal record under British colonialism and the lackluster performance of the planning regime, this is indeed a significant achievement that ought not be slighted.

The impressive GDP growth rates in the past two decades notwithstanding, the broad trend is unmistakable that the defining vector of India's economic development has been its marked unevenness: the contradiction of high growth rates of GDP on the one hand, and lopsided welfare outcomes and income disparities for the bulk of the population on the other. With more than 90 percent of the workforce employed in the informal sector without access to employment securities and benefits and indeed more likely to bear the brunt of negative economic shocks, with 350 million people still under poverty line, with abysmally low growth of wages for most people and the depressing outlook of income distribution, high GDP growth rates have done little to improve living standards. After all, economists and sociologists agree that development is *not* merely the enhancement of inanimate objects of convenience such as growth in the arithmetic GDP, or the rise of cutting-edge sectors such as information technology; in fact, these are two arenas in which India does rather well. Development is, ultimately, raising the large-scale living standards and the quality of life –an ability to lead the kind of lives that people have reason to value. Looking through this prism and then assessing India's performance on not just macroeconomic indices (i.e. GDP growth rates), but also crucial social indicators of development such as longevity, health care, literacy, educational attainment, child undernourishment, infant mortality, schooling, social status, immunization, and sanitation, the same growth rates—often celebrated by the proponents of the neoliberal turn—become less impressive; in fact, they are disappointing if we compare

them to the tigers of East Asia (i.e. Japan and South Korea) or even some of the faster-growing Latin American countries such as Brazil and Mexico, and indeed, an embarrassing contrast with China in the last quarter of the century.

The contrast with China is particularly striking: while China and India both share comparable characteristics in terms of demography, growth rates, labor force, and the volume of trade with the world, the former has been able to forge by far a more even and systematic development strategy compared to the latter. Perhaps, this is best illustrated in the fact that that China has pulled roughly 700 million out of poverty between 1981-2010[i]; or the fact that the China is currently facing wage inflation and a rising shortage of 'unskilled labor (see Figure 1), and that the informal sector—the sector that is neither taxed, nor monitored by any form of government—in China is much smaller in scale and scope compared to India where it employs 93 percent of the labor force.[ii] China also does much better on many other indicators of development enumerated above. India's failure thus to raise standards of living and the quality of life on an aggregate scale based on not just wages and per capita income, but also crucial social indicators of development is not only plain in stark contrast with China. But more strikingly, a comparison of India's performance on those social indicators with poorer countries in South Asia such as Bangladesh reveals a much bleaker picture. Bangladesh, for example, has an income per capita ($3,790), slightly more than half of India ($6,490), yet it does significantly better on infant mortality, schooling, immunization, access to sanitation, and in several other domains.[iii] The mortality rate of children under five is sixty-six per thousand in India compared with fifty-two in Bangladesh. In infant mortality, Bangladesh has a similar advantage: it is fifty per thousand in India and forty-one in Bangladesh. Additionally, 94 percent of children in Bangladesh are immunized with DPT vaccine, but only 66 percent of Indian children are. In all these fronts, Bangladesh does better than India, despite having half of India's per capita income.[iv]

Figure 1: Annual Manufacturing Wages of Asian Emerging Economies



Source: International Labor Organization LABORSTA Database. Hongbin Li, Lei Li, Binzhen Wu, and Yanyan Xiong. 2012. The End of Cheap Chinese Labor. *Journal of Economic Perspectives*. Vol. 26, No. 4 (Fall 2012), pp. 57-74

India's seemingly uneven development thus raises an important question: what explains the contradiction of impressive GDP growth rates and such bleak outcomes in social and welfare outcomes for the vast

majority of people? For many influential economists including Nobel Laureate Amartya Sen, the answer lies in corruption and lack of accountability of state incumbents in India.[v] Of course, public services crucial to improving social indices of economic development such as access to education, sanitation, heath care, food support are provided by state and quasi-state agencies, and for adequate delivery, their functionaries must hew to some baseline level of bureaucratic integrity: being accountable in their handling and delivering the resources at their disposal. And the Indian state notoriously fails to meet these tests, where the state has become, in Bardhan's terms, a "patron-client regime fostered by a flabby and heterogeneous dominant coalition preoccupied in a spree of anarchical grabbing of public resources tends to choke off efficient management and utilization of capital in the public sector."[vi]

To remedy this, economists and political scientists alike call for greater participation of ordinary citizens in both policy-making and the way resources are distributed. But the problem in India is not just the fact that its state institutions are vulnerable to capture, or its bureaucrats fail to follow the duties attached to their station in delivering public goods. Even if the bureaucratic paralyses (i.e. corruption, lack of transparency and accountability, etc.) of the Indian state could be resolved with the wave of a wand, there would still remain the question of the actual amounts of spending on social indicators of economic development. As Drèze and Sen detail in *Uncertain Glory: Indian and its Contradictions* (2013), the sums allocated to health, education, and other services have been among the lowest for countries at comparable levels of development. China, for example, devotes 2.7 per cent of its GDP to government expenditure on health care, whereas India's relatively miserable 1.2 per cent of GDP expenditure on health care. The difference is, of course, conspicuous in the much greater public health achievements of China compared to India, including, for instance, its considerably higher life expectancy (about eight years higher than India's).[vii] But that too, cannot in and of itself explain why economic development is so markedly uneven across time and space in India, and that respectable GDP growth rates do not translate into an increase in people's standards of living?

In what follows I argue that the answer to this question lies in the *structure* and the trajectory of Indian development. As I will demonstrate, the roots of what seems to be the malady of Indian development ought to be investigated in the sectoral composition of the Indian economy as well as its domestic labor market that have rendered economic development so *uneven* across time and space. In so doing, I will rely on the theoretical underpinnings of the dual-sector model that Arthur Lewis developed with respect to labor markets. I will then examine the model in the contexts of both China and India—and their development trajectories in different sectors—in order to offer a structural explanation for the *uneven* economic development of the latter.

The Dual-Sector Model

Observing the tremendous economic growth rates that the early developers in the Atlantic world (i.e. the United Kingdom, United States, Germany, France, etc.) achieved during the 19th and 20th centuries, Arthur Lewis—the Nobel Prize Laureate in Economics—argued that the development of an economy is regarded as a process that entails sustained increase in output per capita coupled with structural and system-wide shift in the productive capacities and employment patterns within an economy. This structural shift in modern economic development includes the sectoral relocation of the workforce from a subsistence, informal, low-productivity sector (i.e. agriculture) to a modern, formal, high-productivity sector (i.e. manufacturing). The transition from the former to the latter is often concomitant with a massive migration of the workforce from rural to urban settings. This trend posits a *trade-off* between growth in GDP per capita and the reduction of shares of the labor force in less productive sectors; namely, agriculture, forestry, fishing, mining and animal husbandry. The same structural transformation in the pattern of employment can also be clearly observed in the successful cases of late development in the post-World War II era such as Japan, South Korea, Taiwan and recently the Chinese behemoth. The causal

relationship between the increase of productivity in the labor-intensive industries of an economy and the process of capital accumulation that drives economic growth and dynamism was first captured in Lewis's seminal book *Economic Development with Unlimited Supplies of Labor* (1954). Specifically, Lewis argued that the transition from agricultural to industrial economy as the steppingstone of increasing system-wide productivity is accompanied with a *shift* in the balance of labor demand and supply. In the initial stage of this transition, the labor force, once remained in rural areas and engaged primarily in agricultural production will gradually move to the industrial cities as the pattern of employment changes in favor of manufacturing, albeit, with no pressure to raise wages. However, as the industrial sector develops to the point where the supply of labor from the agricultural sector becomes limited, industrial wages begin to rise quickly, which will increase the rates of saving and investment. The defining nature of this structural shift in the sectoral composition of the economy entails a transition period from agriculture to labor-intensive manufacturing—which is to say, from an excess supply of labor—or what Lewis coined the "unlimited supply of labor"—to one of labor shortage. This phenomenon is often referred to as the "Lewisian turning point" which signifies a success in rendering large scale productivity and growth.

In the Chinese labor market this Lewisian turning point was achieved. Following the 1979 economic reforms, China in just three decades has experienced one of the world's most stunning economic transformations—a titanic shift from a predominately agrarian to a modern *manufacturing-for-exports* economy. Also, China's success in rural reforms in the late 1970s and early 1980s greatly improved agricultural productivity and simultaneously released a tremendous amount of surplus labor from the farmland.[viii] As a result, a large number of laborers moved from the agricultural sector to mostly industrial—but also to the service—sectors. For more than two decades following the 1979 economic reforms the supply of labor seemed to be unlimited, thus enabling China to maintain a comparative advantage to manufacture-for-export goods that were already being produced for the world market, but at 'China price.' It was this seemingly unlimited supply of cheap labor that allowed the Chinese manufacturing to become so competitive in the world market. However, starting in 2005, the "labor shortage" phenomenon began to turn up in coastal cities, with the labor market becoming tighter and with industrial firms facing shortages of "unskilled labor." This is a fact of enormous significance in debates around the trajectory of Chinese economic development given the demographic composition and the massive population of the country. So how can the dual-sector model and the Lewisian turning point explain China's ability to raise wages and incomes, and hence its ability to demonstrate far better performance in raising living standards on aggregate scale? And how can the dual-sector model and the Lewisian turning point explain the *failure* of India to follow the same path while embarking on economic development?

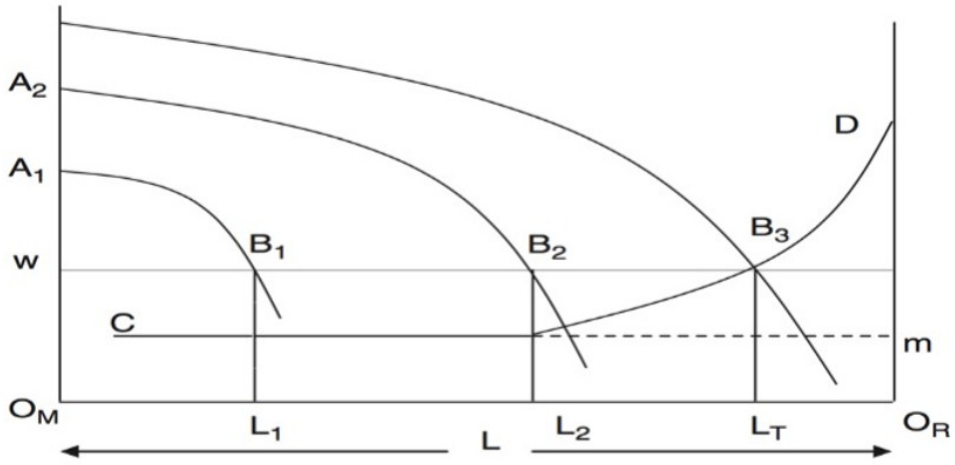
The Lewisian Turning Point

For simplicity, if we assume that an economy has an agricultural and an industrial sector, and that there is an oversupply of labor for agricultural production in the rural areas (see Figure 2 below), then the marginal product of labor is equal to the subsistence wage, m, whereas in the industrial sector, employers have to pay a higher wage, w, for various reasons. First, the cost of living in cities, where most industrial activity occurs, is usually higher than in rural areas. Second, because migrant workers in the industrial sector must bear the psychological cost of separation from their families, higher wages must be offered to compensate them.[ix] L is the total size of the labor force, with OR and OM origins representing the workforce in the rural and urban areas respectively. The curve CD indicates the marginal product of labor in the agricultural sector, and the marginal product of labor in the industrial sector is represented by AB, which is higher than that of the agricultural sector and exhibits a downward slope.

Given the Figure below, the process of economic development can be divided into three phases. Points and signify the first phase, with the initial marginal output of labor in the urban sector being represented

as . With profit maximization being the premise and the ultimate goal of the capitalist mode of production, the marginal output of labor will be set equal to the wage level, *w*, which can be represented at equilibrium of . Total urban employment is also demonstrated as , whereas the rural labor force is represented by at the subsistence wage level, *m*. As entrepreneurs maximize profit and reinvest some of it again in the production processes, the total stock of capital increases, and more capital stock means higher marginal product of labor. This is reflected by the rightward shift of the marginal product of labor in the urban sector from to . The movement from rural to urban areas is composed only of surplus rural labor, which has no impact on wage levels. The rural workers are paid at fixed subsistence wage level, *m*, and the urban wage remains constant at *w*. This phase is one in which there is an unlimited supply of rural labor.

Figure 2: The Lewisian Turning Point



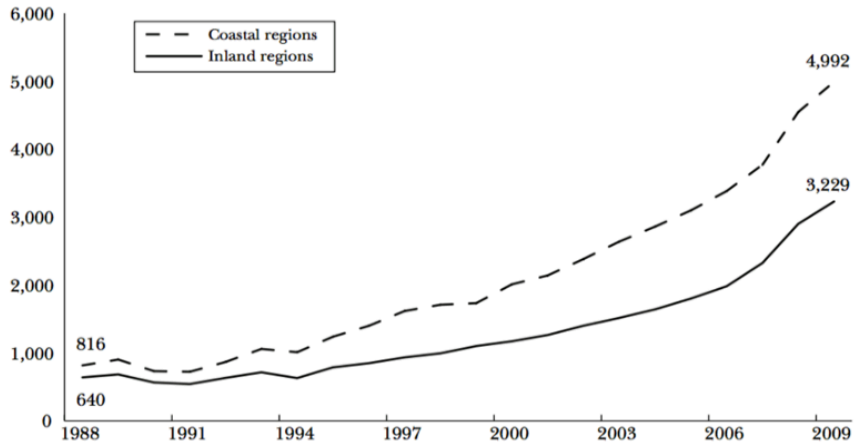
A version of the Figure first appeared in Basu, Kaushik (2000). *Analytical Development Economics: The Less Developed Economy Revisited*. MIT Press.

At point , the marginal product of rural labor starts to surpass the subsistence wage level, *m*; from then on, therefore, the rural wage rises. The urban wage will remain at *w* until the marginal product of urban labor shifts to , and the distance from to signifies the second phase. In this phase, only the rural wage rises while urban wage remains constant. Once at , economic development enters the third phase: the shortage of labor becomes a pressing issue, with wage levels going up in tandem in both sectors. For the rural labor force, the Lewisian turning point is at , but for the aggregate economy, the turning point occurs later at. According to this model, the real wage rate rises first in rural areas and then in urban areas. A sudden upward shift in the rural wages is therefore, likely to foreshadow a looming national labor shortage. This conceptual model—and indeed wages as the key barometer—offers some useful insights into the measurement of the Lewis turning point. The conspicuous cases of success of the Lewisian turning point in the past five decades are Japan, Taiwan, and South Korea, which witnessed a structural shift in the patterns of employment from less productive agricultural to high productive manufacturing sector. China is, of course, an addition to this list, which sets another benchmark standard to test the Lewisian turning point.[x]

China's Labor Market and the Lewisian Turning Point: A Success

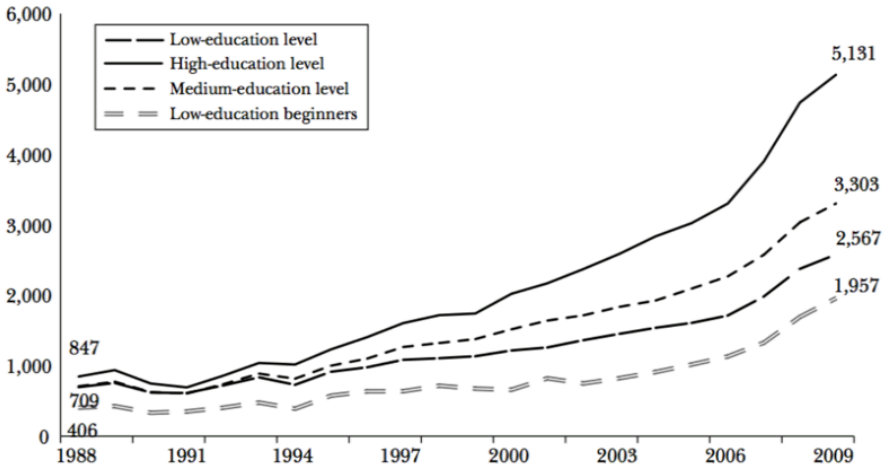
This successful structural shift in favor of the productive sector of the Chinese economy namely, labor-intensive manufacturing and the subsequent shortages in the domestic labor market has important implications with respect to income distribution. The shortages in the labor market have granted workers more bargaining power, and therefore, resulting in a significant rise in wages, and hence the saving rates. Higher wages have also narrowed the enormous rural–urban income gap from the past.[xi] Part of this rising income will eventually translate into higher domestic consumption and part of it into investment; both which are the two key components of system-wide economic growth and dynamism. A few studies have examined China's position along the Lewisian continuum through various surveys of wage rates.[xii] Their results show a clear rising trend in real wages since 2003, and the acceleration of this rising trend, even in slack seasons, indicates that the era of surplus labor is over. The fact that China has recently faced shortages of *unskilled labor*, wage inflation and an increase in labor disputes are all harbingers of meeting the Lewisian turning point (see the Figures below).

Figure 3: Annual Wages of Urban Workers by Region
(real U.S. dollars in 2010, deflated by the U.S.GDP deflator)



Source: Wages by regions are from the Urban Household Survey data in nine provinces, 1988–2009

Figure 4: Annual Wages of Urban Workers by Education
(real U.S. dollars in 2010, deflated by the U.S.GDP deflator)



Source: The Urban Household Survey data in 9 provinces, 1988 –2009. Notes: Education levels: "low" refers to junior high school and below, "medium" refers to academic/technical high school, and "high" refers to college and above. "Low-education beginners" are low-education workers with working experience less than 5 years. Hongbin Li, Lei Li, Binzhen Wu and Yanyan Xiong. 2012. The End of Cheap Chinese Labor. *Journal of Economic Perspectives*. Vol. 26, No. 4 (Fall 2012), pp. 57-74.

India's Labor Market and the Lewisian Turning Point: A Failure

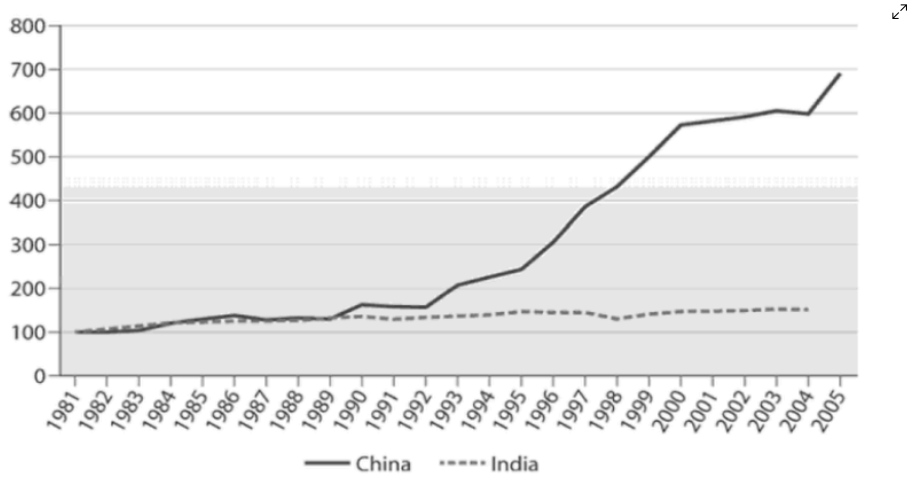
The most pressing issue with respect to economic development in India is its marked unevenness, both in the narrow sense of income distribution and also the broad developmental and distributive outcomes. Which is to say, high GDP growth rates have failed to translate themselves into increases in the wages and earnings of the workforce, and subsequently, higher living standards for the bulk of the population. Concomitant with India respectable GDP growth rates over the past two decades, there has been a major and persistent slowdown in the growth of real agricultural wages in the post-reform era: from about 5 per cent per year in the 1980s to 2 per cent or so in the 1990s and virtually zero in the early 2000s. The growth of real wages in the manufacturing sector has also been relatively slow; not just for 'unskilled' laborers, but also for skilled industrial workers. The contrast with China again in this respect is really striking. According to the data from the International Labor Organization, real wages in manufacturing in China grew at an astonishing 12 per cent per year in the first decade of this century, whereas in India, real wage growth has hovered around 2.5 percent per year over the same period (see Figures 5 and 6 below). Clearly the growth rate of real wages in India has been much lower than that of per capita GDP over the past two decades. Per capita expenditure, too, has been excruciatingly slow, barely altering the abysmal living conditions for the bulk of the population. The most telling evidence for this can be found in the Indian National Sample Survey data: average per capita expenditure in rural areas rose at the exceedingly low rate of about 1 per cent per year between 1993–4 and 2009–10, and even in urban areas, average per capita expenditure grew at only 2 per cent per year in this period.[xiii] Adding to the sense of drama is the widespread undernourishment in general and child undernutrition in particular—India is among the world's worst performers in this respect (even compared with many countries that are considerably poorer in terms of real GDP per head).[xiv] For instance, according to National Family Health Survey, 48 per cent of children under the age of five, are stunted due to chronic undernutrition, with 70 per cent being anemic. This inexorably high rate of undernutrition in India stands in shocking contrast with other emerging economies that have successfully addressed their nutrition challenge. China, for example, reduced child undernutrition by more than half (from 25% to 8%) between 1990 and 2002; Brazil did the same by 60 percent (from 18% to 7%) from 1975 to 1989; and even Vietnam, which is one of the poorest

countries outside of the Sub-Saharan Africa, reduced child undernutrition by 40 percent between 1990 and 2006. And there is also the continuing scandal of a quarter of the population (including nearly half the women) remaining effectively illiterate in a country with such high-tech achievements in education based on excellent specialized training and practice.[xv]

These depressing facts may surprise some of those who are used to looking at official poverty estimates to assess development indices and how poor people are doing in India. For instance, the Indian Planning Commission has declared that the proportion of the rural population below the poverty line declined from about 50 per cent in 1993–4 to 34 per cent in 2009–10. This suggests a significant improvement, but how does it square with the fact that the growth of real per capita expenditure has been so low? As Drèze and Sen demonstrate, the answer lies in the so-called 'density effect': the fact that many people are just a little below the official poverty line that is already set in such a low rate, so that a small increase in per capita expenditure is enough to 'lift' them above the line. But even if we take the officially declared poverty line as abysmally low as 32 Indian Rupees per person per day in urban areas and 26 Rupees per person per day in rural areas for sufficient access to 'food, education, and health', at June 2011 prices—which does not cover the barest necessities—a full 30 per cent of the population in 2010, or more than 350 million people are under extreme poverty line.[xvi]

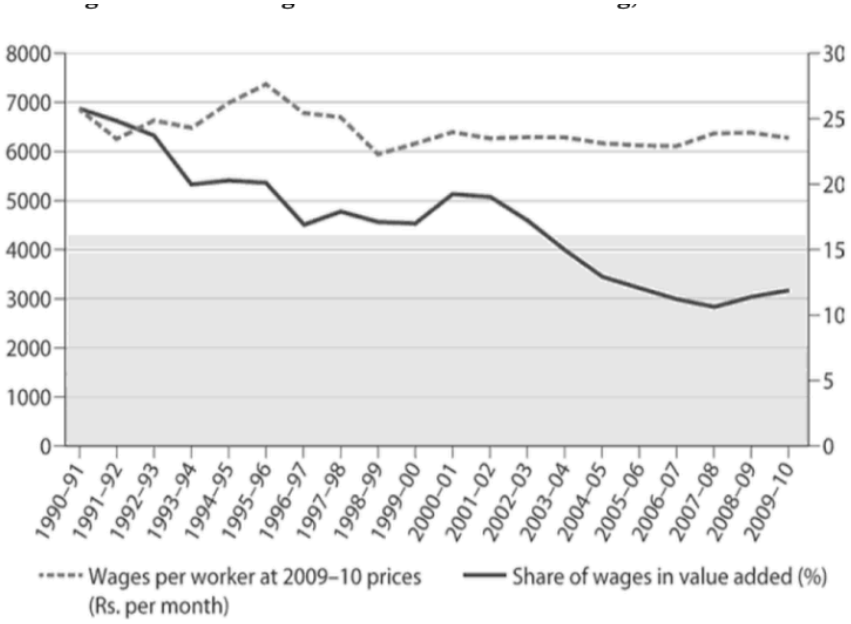
So why has economic growth in India led to so little increase in wages and incomes—and also living conditions in general–for the large segment of the population? And why have the similar growth rates in China led to substantial increases in living standards virtually based on every index of development compared to India? The answer to this question cannot ignore the fact that the post-reform economic boom happened first in agriculture and then in *labor-intensive manufacturing*, whereas India's rapid economic growth during the last twenty years or so has been driven mainly by 'services,' which is a very heterogeneous sector. There is growing evidence that a good deal of the growth in services has been heavily concentrated in skill-intensive sectors (such as software development, financial services and other specialized work); and not in productive and labor-intensive industrial and manufacturing sector. While the growth of the service sector, especially the IT and finance, has enabled the more skillful and educated segments of the labor force to earn much higher wages and salaries, the bulk of the workforce is marooned in agriculture and less productive sectors within services—and indeed, in the vast 'informal sector' which employs more than 90 per cent of India's workforce where wages and productivity are very low. In other words, the very Lewisian tuning point—absorption of the crux of the workforce in dynamic and productive manufacturing sector—which if it occurs in an economy will lead to higher wages and saving rates, and hence higher living standards on aggregate scale was not achieved in India. Instead, persistent wage disparities—subsistence rate for most people—coupled with scant growth of income per capita became the endemic property of India's economic development.

Figure 5: Index of Workers' Monthly Earnings in Manufacturing (1981=100)



Source: Calculated from Tao Yang et al. (2010), Figure 5(a). See Jean Drèze,Amartya Sen. 2013. "An Uncertain Glory: India and its Contradictions." Princeton University Press, pp 30-31

Figure 6: Real Wages in India's Manufacturing, 1990-2010



Source: Handbook of Statistics on the Indian Economy, Tables 33 and 40 (Reserve Bank of India, 2012). Money wages have been deflated using the Consumer Price Index for Industrial Workers, from the same source. The left-hand vertical axis applies to real wages, and the right-hand axis to the share of wages in value added. See Jean Drèze, Amartya Sen. 2013. "An Uncertain Glory: India and its Contradictions." Princeton University Press, pp 30-31.

Conclusion

The critics of India's massive social inequalities and persistent wage disparities take the maladies and bureaucratic paralyses of the state as their point of departure in the prognoses of the uneven economic development. They also find—I believe rightly so—something callous and uncouth in the selfish and

inward-looking preoccupations of the small and yet dominant and prosperous minority class in India as an impediment for translating economic growth into better living conditions for the majority of people. After all, economists working on India have observed that the deviation of the state agencies and incumbents from the tasks assigned to them is not arbitrary: laws are broken and favors are dispensed to the benefit of the rich and the detriment of the poor. But my intention in this essay was to draw attention to what seems to be an important *cause* of the malaise in delivering developmental and distributive outcomes (i.e. higher incomes and living standards) for the large segment of the Indian population. I suggest that the cause of uneven development ought to be investigated in the sectoral composition and the way that the workforce is distributed among those sectors in the Indian economy. India would, of course, be better off with more rule-following and transparent state institutions and a more inclusive public discourse. But a more effective and egalitarian distribution of income and wealth, which will surely lead to higher standards of living for the crux of the population does not just depend on the bureaucratic integrity of the state. What I tried to show in this essay was rather more structural in the trajectory of Indian development (i.e. the rapid growth of the heterogeneous service sector as opposed to labor-intensive manufacturing), which has led to such lopsided outcomes in not just income distribution, but also the social indicators of economic development. As I demonstrated, India's rapid economic growth during the last twenty years or so has been driven mainly by services; and not labor-intensive manufacturing. The service sector is extremely heterogeneous: it rewards the highly skillful workers in the IT or finance sector by granting them higher wages and saving rates. But it also punishes the vast majority of workforce in the less productive sectors—especially the decisive majority of workers who are employed in the vast informal sector, where wages and productivity are—and tend to remain—very low. So if India's impressive GDP growth rates have not translated into better quality of life for the majority of people, and that economic development has been starkly uneven across time and space, it can partly be attributed to the trajectory of economic development itself: the fact that growth has occurred in the heterogeneous services, and not in the productive and labor-intensive manufacturing sector. The very Lewisian turning point, which heralded that the industrial, modern, formal, and high-productivity sector of the economy would take over the subsistence, informal, low-productivity sector and will inevitably lead to higher wages and incomes on aggregate scale was not achieved in India.

Notes

[i] Research on poverty reduction in China is copious. See Chunni, Zhang Qi Xu, Xiang Zhoh Xiaobo Zhang, Yu Xie. 2014. Are poverty rates underestimated in China? New evidence from four recent surveys. *China Economic Review*. Also see the *Economist*'s report: https://www.economist.com/news/leaders/21578665-nearly-1-billion-people-have-been-taken-out-extreme-poverty-20-years-world-should-aim, accessed July 17, 2017.

[ii] For detailed discussion on India's large informal sector see, Rina Agarwala, 2013. *Informal Labor, Formal Politics, and Dignified Discontent in India*, Cambridge University Press

[iii] Chaudhury, N., Hammer, J., Kremer, M., Muralidharan, K. and Rogers, F. H. (2006), 'Missing in Action: Teacher and Health Worker Absence in Developing Countries', Journal of Economic Perspectives, 20., with reference to health facilities "Osmani, Siddiq R. (2010), 'Towards Achieving the Right to Health', Bangladesh Development Studies; "Osmani, Siddiq R. (ed.) (1992), Nutrition and Poverty (Oxford: Oxford

University Press); "Mahmud, Simeen (2003), 'Is Bangladesh Experiencing a Feminization of the Labor Force?', Bangladesh Development Studies, 29. World Bank Report (2007), "Mahmud, Wahiduddin (2008), 'Social Development in Bangladesh: Pathways, Surprises and Challenges', Indian Journal of Human Development,

[iv] For useful contributions to a better understanding of these achievements, "Chaudhury, N. and Hammer, J. (2004), 'Ghost Doctors: Absenteeism in Rural Bangladeshi Health Facilities', World Bank Economic Review;

[v] See Jean Drèze & Amartya Sen, 2013, *An Uncertain Glory: India and its Contradictions*, Princeton University Press.

[vi] For more discussion on the characteristics of the Indian state see: Pranab Bardhan, 1984. *The Political Economy of Development in India*, Oxford: Basil Blackwell, pp 70-71.Also, Vivek Chibber, 2003, *Locked in Place: State-Building and Late Industrialization in India*, Princeton University Press.

[vii] See World Bank and United Nations Reports on life expectancy (2015).

[viii] For more discussion see Du, Runsheng. 2006. The Course of China's Rural Reform. *Washington DC: International Food Policy Research Institute*.

[ix]See Arthur Lewis (1954) Economic Development with Unlimited Supplies of Labour. *Manchester School*, 22, 139–191

[x] See the analysis provided by Cai, Fang, & Wang, Meiyan (2008). *A Couterfactual Analysis on Unlimited Surplus Labor in Rural China*. China & World Economy, 16(1), 51–65; Du, R. (2006)

[xi] See Zhanzg Xiaobo, Yang Jin, Wang Shenglin, 2011, China has reached the Lewis turning point, *China Economic Review.*

[xii] For further discussion see Basu, Kaushik (2000). *Analytical Development Economics: The Less Developed Economy Revisited.* Cambridge and London: MIT Press; The Course of China's Rural Reform. Washington DC: *International Food Policy Research Institute*.

[xiii] For detailed statistics see Chapters 2 and 3 of Jean Drèze & Amartya Sen, 2013, *An Uncertain Glory: India and its Contradictions*, Princeton University Press.

[xiv] See Angus Deaton, Jean Drèze, 2009. "Food and Nutrition in India: Facts and Interpretations." Special Article, Princeton University's Department of Economics.

[xv] See UNISEF's recent report on India: http://unicef.in/Story/108/Child-Undernutrition-in-India-A-Gender-Issue, accessed July 7, 2017.

[xvi] See Chpaters 2 and 3 of Jean Drèze & Amartya Sen, 2013, *An Uncertain Glory: India and its Contradictions*, Princeton University Press.

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