



# **POPULATION GROWTH - A BOON OR BANE: AN ECONOMIC OUTLOOK**

Edited by  
**Dr. S. Theenathayalan**  
**Dr. S. Karthikeyan**

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**Editors** : **Dr. S. THEENATHAYALAN**  
Associate Professor & Head  
**Dr. S. KARTHIKEYAN**  
Assistant Professor  
Department of Economics  
The Madura College, Madurai

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## EFFECT OF POPULATION GROWTH RATE ON ECONOMIC DEVELOPMENT IN INDIA-AN EMPIRICAL ANALYSIS

Dr.S.Meenakshi  
Department of Economics and Centre for Research in Economics  
The Madura College (Autonomous), Madura

Dr.S.Suresh Kannan  
Department of Economics and Centre for Research in Economics  
The Madura College (Autonomous), Madura

### Abstract

The main aim of this work is to find the effects of rapid population growth on economic development in India. This is very important because India is second most populated country in the world and many studies show that India will overtake china soon based on the population growth rate in both of these countries. we try to suggest a few policies which can fasten the economic progress in the country. This paper ends with the conclusion and a few remarks. The precise relationship between population growth and

per capita income has been inconclusive in the literature and the nexus has been found not clearly explain the determinants of rapid population growth in developing countries that lacks fertility control and management framework. This forms the rationale for this study to access the trend of factors that influence rapid population growth in developing countries between 1980 and 2010. So the study of relationship between these variables may help the government to consider the effect of population growth on their policies in future.

### Introduction

The existing state of knowledge does not warrant any clear-cut generalization as to the effect of population growth on economic development in today's less developed areas. Some theoretical analyses argue that high population growth creates pressures on limited natural resources, reduces private and public capital formation, and diverts additions to capital resources to maintaining rather than increasing the stock of capital per worker. Others point to positive effects such as economies of scale and specialization, the possible spur to favourable motivation caused by increased dependency, and the more favourable attitudes, capacities, and motivations of younger populations compared with older ones. The actual evidence on the association between growth rates of population and per capita income does not point to any uniform conclusion, though the true relationship may be obscured in a simple two-variable comparison. None of this means that per capita income growth, currently and in the past, would have been the same if population growth rates had been markedly higher or lower (Easterlin, 1967). Although, it is possible that the effect of population growth on economic development has been exaggerated, or that no single generalization is justified for countries differing as widely in growth rates, densities, and income levels as do today's less developed areas. Clearly there is need for more extensive research on the actual trend and experience of developing nations comparatively to developed nations in the last three decades. Thus, forms the major rationale for this paper and consist the major thrust in assessing the trend of population level in relative to economic development and growth indicators of selected developing countries between 1980 and 2010.

### Determinants of Rapid Population Growth

This section of the paper presents the trend review of the determinants of rapid population of selected developing countries (Bangladesh, Ethiopia, Indonesia, Mexico and Nigeria) compared to higher income economies or developed nations taken as Germany and United States. In the literature it has been established that fertility rate, crude death rate, birth rate, mortality rate, and life expectancy are the major determinants of rapid population growth rate (Todaro and Smith, 2011: 275). Likewise, youth dependency ratio young people below age 15 has been attributed as one of the leading causes of population growth in developing countries that have high prevalence. the total fertility rate that represents the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with current age-specific fertility rates indicated higher rates in developing countries like Bangladesh, Ethiopia, Indonesia, Mexico and Nigeria compared to United States and Germany that recorded a lesser rate. This indicates that the fertility is one of the major contributing factors to observed level of developing countries population size relative to the developed nations. Also, the Table 2.2 and Figure 2.3 indicated the Crude birth rate which is the number of live births per 1,000 midyear population and the recorded estimates indicated that most of the developing countries birth rate has decreased steadily in the last three decades, despite this trend, the rate is more than the those recorded in the developed countries in the past three decades. The decrease might be as a result of child labour related complications often experienced by women in developing countries and as well as low health infrastructural facilities and these however reflected in the death rate trend.

### World Population and Economic Well-Being

A Glance Review This phase of the paper presents and assesses the trend of population distribution relative to economic development indicators for selected countries across major economic regions in the world. Firstly, developing countries were selected from the top 15 list of most populous country in the world shown in Table 1 for comparative analysis. Developing countries were picked on the basis of their low income group across Sub-Saharan Africa, South Asia, East Asia and Pacific, and Latin American and Caribbean. Also, United States and Germany were considered as the benchmark or base economies for comparative purpose. However, the considered or selected developing economies for the comparatively analysis are Nigeria and Ethiopia in Sub-Sahara Africa, Bangladesh in South Asia, Indonesia in East Asia and Pacific, Mexico in Latin America and Caribbean. The respective average population size in million and the real gross national income (GNI) per capita are presented in Table for 1 for comparative glance. From the pool of the sampled countries, Indonesia is a Lower Middle Income country with average population size of 228.36 million lower than United States of America that is ranked third in 2001- 2010, while the population well-being as measured by Real GNI per capita in the last decade is 2.2% of United States per capita income that stood at \$38,068.28; Nigeria being the 8th World largest economy in population size is also a Lower Middle Income that inhabit an average of 141.97 million people between 2001 and 2010 and with an average GNI per capita income of \$795.22 which is 2.1% of United States Standard of Living; Bangladesh with an average population size of 140.95 million ranked as the 9th in the World in the last decade is a Low Income economy and with a average economic wellbeing proxy by the GNI per capita of \$458.93 which share is 1.2% and 1.9% of United State and Germany per capita income respectively; Mexico is an Upper Middle Income country from the Latin America and Pacific region inhabit an average population size of 107.27 million with GNI per capita of \$5,782.8 that represents 15.2% and 24.6% of United State and Germany per capita income respectively; and Ethiopia is a Low Income country with a total average population size of 75.12 million in the last decade and with a relative average economic well

being measured by GNI per capita of \$161.41 that takes 0.42% and 0.69% of United State and Germany per capita income respectively. Population Structure of Developing Economies: Composition Analysis The structure and composition of Bangladesh, Ethiopia, Indonesia, Mexico and Nigeria as the selected developing countries within the top 15 population rank, and Germany and United States as the considered benchmark or developed economies within the top 15 rank are critically examined as presented in Table 3 and Figure 4-9. The composition consists of three decades total population growth, population proportion of females, urban population size relative to rural, and the age structure of the population. The age covers the young group, economic active or working population group and old age population group within the respective age range of 0-14years, 15-64 years, and 65 and above years.

### Mitigation Strategy and Outlook

The trend review has revealed the causes and consequences of rapid population growth rate in selected developing countries (Bangladesh, Ethiopia, Indonesia, Mexico, and Nigeria) compared to some selected developed nations with higher income such among which are Germany and United States. Therefore, there is need for developing nations to engage the higher economic active group in productive activities in order to foster growth that will cater for the dependent group of the nations. Also endeavour to investment more in human capital development, provide health and educations infrastructure, and sensitize the population of the consequences of high population size on the present and future resources use.

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