

Title: The Agriculture-Macroeconomy Growth Link in India, Pakistan, and Bangladesh, c.1900-2000

Abstract:

Using unusually long-term data that correspond to the current borders for the period c.1900-2000, this paper investigates the agriculture-macroeconomy growth link in India, Pakistan, and Bangladesh. The new dataset shows a long-term decline in the share of agriculture in GDP in all three regions, including the colonial period when per-capita GDP stagnated. The empirical results also show two structural changes. The first one occurred between pre- and post-1947 periods in India and Bangladesh. The portion of non-agricultural growth that can be attributable to agricultural growth increased substantially after the independence/partition in 1947. The second one occurred around the 1970-80s in all three countries, where non-agricultural growth that appeared to have occurred autonomously became the main engine of macroeconomic growth. The absence of the growth linkage between agriculture and non-agriculture during the colonial period could be attributable to a time lag taken for agricultural marketing/processing, the nature of industrialization under the colonial regime, and the lack of quality data on annual fluctuations in non-agriculture.

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