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IMPACT OF THE POPULATION GROWTH ON THE DEVELOPMENT OF ECONOMY

Abstract: this article outlines how the population growth plays a role in shaping the economic development of countries, especially in developing nations like India. In addition, it explores how the rising population impacts employment, resource allocations, infrastructure and etc.

Keywords: population growth, economic development, India.

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ВЛИЯНИЕ РОСТА ЧИСЛЕННОСТИ НАСЕЛЕНИЯ НА РАЗВИТИЕ ЭКОНОМИКИ

Аннотация: в статье описывается, как рост населения влияет на экономическое развитие стран, особенно развивающихся странах таких, как Индия. Кроме того, в ней исследуется, как рост численности населения влияет

на занятость, распределение ресурсов, инфраструктуру и т.д.

Ключевые слова: рост населения, экономическое развитие, Индия.

The two main types of population growth are rapid growth and reduced growth. When population rises too fast, it can lead to poverty, as there are limited resources such as food, money, and jobs for citizens. However, a reduced population growth can have negative effect too as there might be labour shortages and a shrinking consumer base. As population increases, greater investments are required to maintain the existing level of capital per person [1]. For many poor families, children serve as a form of economic security, particularly in absence of social support systems for the elderly. The expansion of these resources can influentially reduce the economic reliance on larger families.

Population growth also poses challenges by diverting resources away from investment towards meeting the consumption needs of growing populations. In agriculture, an expanding labour force can lead to overcrowding and decline in productivity. Growth of population stimulates complex managements and governance problems. To address these issues in an effective way, it is important to combine fertility-reducing policies and economic improvements for vulnerable populations.

The world's population growth started to speed up in the 18th century, increasing by 0.5% annually, and by 1950, it had risen to 2% per year. Majority of the population growth occurs in not very developed countries, driven partly by recent decrease in the mortality rates in these specific regions [2]. For instance, in countries like India, where majority of people live in rural areas and depend on agricultural for their livelihood, population growth creates significant challenges. Since there are lack of resources and availability of land, the pressure on the existing lands increases as the population grows. This eventually leads to increased unemployment rates and reduced productivity per person. As more capable workers become landless, wages decrease, further exacerbating poverty [3,4]. This cycle prevents adoption of advanced technology and improvements in technology, and these areas will be

trapped in underdevelopment. Figure 1 illustrates the population growth and growth rate trends in different years.

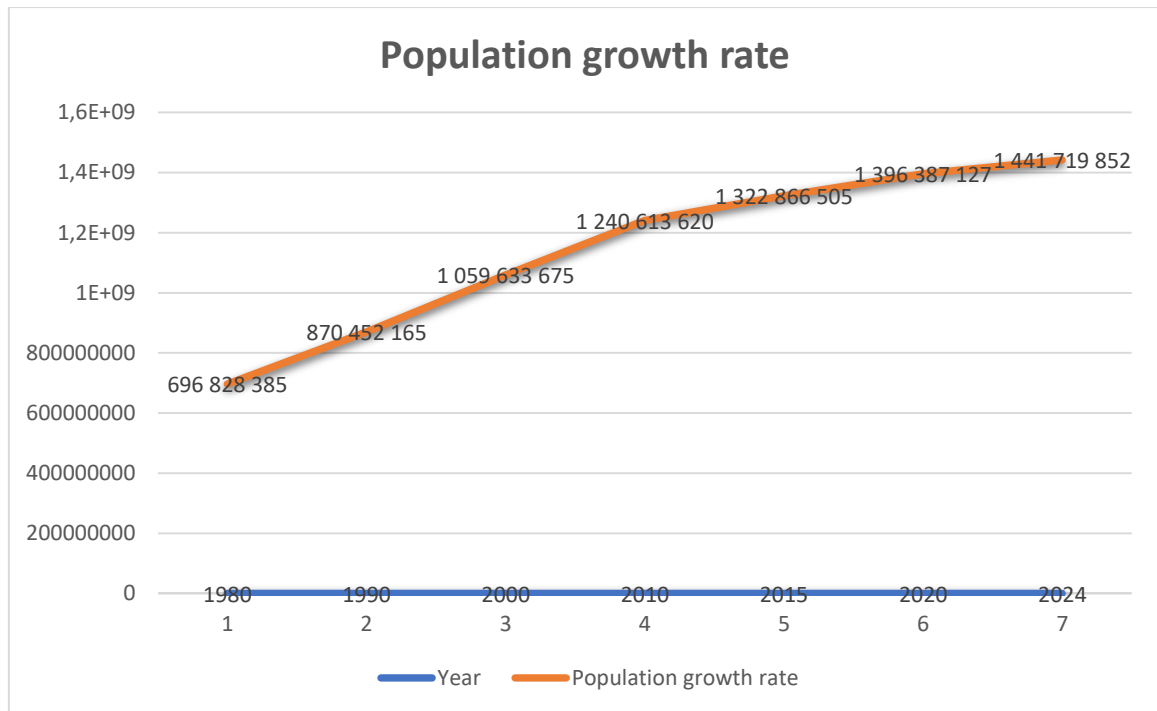


Figure 1 – Population growth rate in India in 1980-2024 [4]

As shown in figure 1, India has a significant increase in population growth. Figure 2 shows that despite India’s rapid GDP growth over the past two decades, making it the third largest economy, the overpopulation continues to hinder progress in certain areas. The country ranks 116th globally in per capita income and 130th in the Human Development Index (HDI), showing how the population negatively impacts the standard and level of living [5].

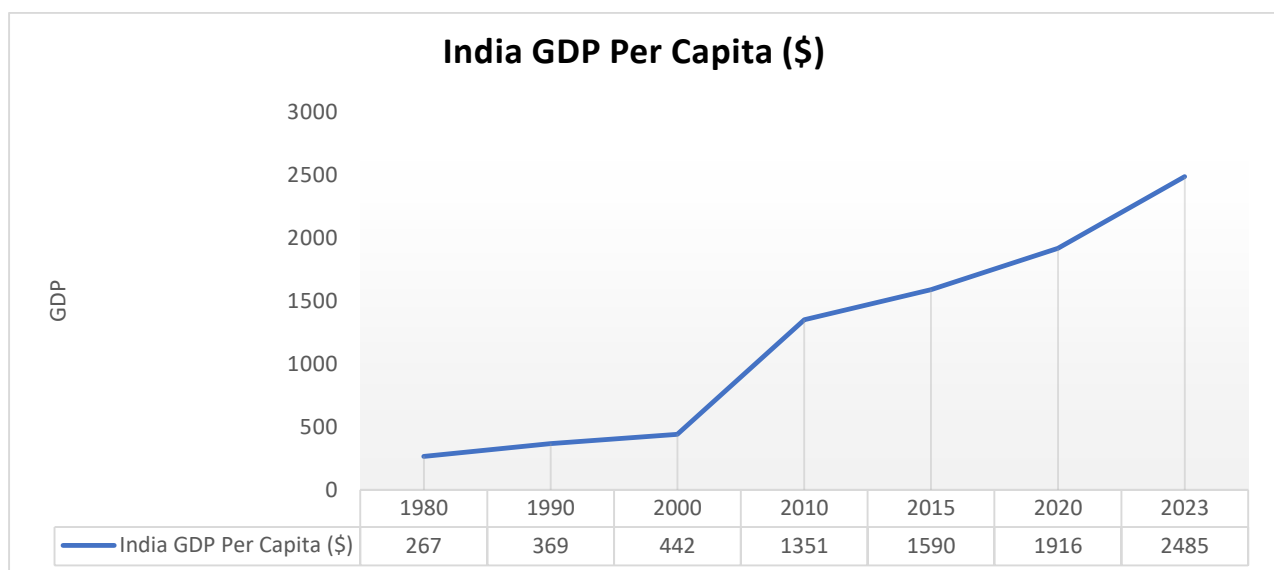


Figure 2 – Dynamics of GDP per capita in India [6]

India is the world's fifth-largest economy by nominal GDP. After achieving independence in 1947 until 1991, India followed a Soviet-inspired model, emphasizing on state intervention and heavy regulations. However, the Cold War's end and a balance of payments in 1991 prompted significant economic liberalization. Since the 21st century, India has achieved an average annual GDP growth rate of 6% to 7% [7]. The government now major control over critical sectors such as railways, highways, banking, insurance, digital infrastructure and more. India is also a key player in global trade, ranking as the 10th largest importer and 8th largest exporter, and has been a member of the World Trade Organization since 1995.

All in all, governments should focus on and prioritize addressing population growth by implementing policies to reduce the fertility rate, such as the policy China has initiated to their citizens – one child per family. Historically, it was believed that declines in fertility would occur only alongside urbanization, industrialisation, and economic progress. However, evidence shows that targeted strategies, like increasing literacy rates and improving life expectancy, can effectively lower fertility rate even in economically underdeveloped regions. Countries like China, India, Indonesia, and Sri Lanka have demonstrated success in reducing fertility rates over the years through family planning programs and independence of their income levels. A sustainable development requires having an equilibrium in population growth and economic development to ensure the stability of the country.

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