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The Socio-Economic Status of Construction Sector in Haryana

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Abstract: -The construction industry is a vital pillar of Haryana's economy. This industry has been making a significant contribution to the economic growth of Haryana. The construction industry of Haryana is almost entirely dependent on migrant workers. It is the second-largest employment-generating sector and accounts for approximately 13 percent of the state's total workforce. This study examines the socio-economic status of the construction sector in Haryana. Haryana is a state undergoing rapid urbanization and industrialization due to its proximity to the National Capital Region (NCR). The main object of this paper is to shed light on the socio-economic status of construction sector in Haryana through secondary data and investigation the contribution of the construction sector to Haryana's Gross State Value Added (GSVA), Net State Value Added (NSVA), Gross Fixed Capital Formation (GFCF) & Percentage Share in GFCF.

Keywords: Construction Sector, Socio-Economic, Status, Haryana Economy, Economic Growth etc.

Introduction: -

The Indian construction sector is an integral part of the economy and is composed for solid growth due to industrialisation, urbanisation, modernisation, growing real estate sector and economic development together with people's expectations of improved living standards. This sector assumes great significance as it has many backward and forward linkages with many other industries like cement, iron & steel, bricks, electrical, plastic, etc. It accounts for 6-8 per cent of GDP from 1970 onwards and employs more than 44 million people in the country. In general, the construction sector has been growing at 9-12 per cent year on year, mainly due to the strength of increased domestic and international manufacturing actions and industrial growth. This sector is also contributing significantly to the capital formation of the country. The construction sector of Haryana is almost entirely dependent on migrant workers. It is the second largest employment generating sector. Haryana has witnessed a strong inflow of investments in construction sector. In 2008, The investment inflow in construction sector was 59.60 percent in Haryana. As of March 2010, outstanding investment in the state were at US $ 85 billion. The construction sector reported for the largest share at 60.9 per cent, followed by services 21.3 per cent and electricity 14.2 per cent.

Literature Review: -

Palmal K. (2011) This paper examines the growth of India's construction sector in the post-reform period, with a particular focus on output expansion, employment generation and labour market characteristics. The study utilizes secondary data derived from government sources and national surveys to analyze trends in output and employment. This study argues that the construction sector has emerged as one of the fastest-growing segments of the Indian economy, particularly during the period between 2004-05 and 2009-10. This paper successfully highlights a paradoxical situation within India's construction sector while, on one hand, it witnesses high economic growth and large-scale employment generation, employment conditions, on the other hand, remain highly precarious and insecure. This insight constitutes one of the most valuable contributions of this study. However, the study could have been further strengthened through more rigorous empirical analysis, a comprehensive discussion on issues related to productivity and safety and a robust theoretical framework. Nevertheless, this research reveals that despite the growth dynamics within the construction sector, there has been an observed trend toward increasing informality and irregularity in workers' employment.

Yadav, S. K. and Nihaliya, A. (2015) The primary objective of this study has been to analyze the growth in employment within the construction sector during the first decade of the 21st century. This research paper investigates the reasons behind the rapid surge in employment observed in India's construction sector between approximately 1999-2000 and 2009-10. In this study, the authors argue that the construction sector has emerged as one of the most critical sectors for employment generation within the Indian economy. This sector has provided employment to a large number of workers migrating from the agricultural sector, while simultaneously benefiting the country through economic growth and the expansion of robust infrastructure. This paper emphasizes that the construction sector witnessed a tremendous surge in employment during this decade, thereby becoming one of the largest sources of new jobs in India. Employment rose from approximately 17.5 million workers in 1999-2000 to reach nearly 44 million by 2009-10.

Indian Construction Sector Report (2021-22) EMIS (an ISI Market company) prepared this report on the Indian construction sector in May 2021. This report presents a detailed analysis of India's construction sector. Due to the pandemic, the financial year 2020 proved to be extremely challenging for this sector. The report highlights the economic growth achieved by the Indian construction sector in the financial year 2021-22, following the severe downturn experienced in 2020-21 due to the COVID-19 pandemic. Government infrastructure spending, a resurgence in real estate demand and large-scale public investment programs were the key drivers of this growth. A growth rate of approximately 10.7 percent was recorded in the financial year 2021-22. Furthermore, the 2021-22 budget witnessed a 35 percent increase compared to the previous budget. Road construction targets, Dedicated Freight Corridors and high-speed rail projects continued without any interruptions. Infrastructure investments exceeding hundreds of billions of dollars were undertaken under the National Infrastructure Pipeline. This report underscores the construction sector as the backbone of the Indian economy; consequently, it is one of the key sectors that the government has prioritized in its efforts to combat the economic downturn caused by the COVID-19 pandemic. The construction industry provides employment both directly and indirectly to approximately 40 million people. In conclusion, this report illustrates the positive impact of the economic recovery measures adopted by the government in the post COVID-19 pandemic on the Indian economy.

Kamble, G. N. and Sabanna, T. (2023) This research paper aims to analyse the problems and challenges in the construction industry and recommend solutions. It is based entirely on secondary data. The study highlights industry obstacles and analyses factors impacting the construction sector's growth. This research paper provides a detailed analysis of the issues and challenges encountered by the construction sector and recommends that these problems can be lessened by the concerned authorities implementing appropriate systems and regulations at the right place and at the right time.

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Objective Of The Study: -

The specific objectives of this study are: -

1) To analyse the position of construction sector in Haryana through secondary data.
2) To investigate the contribution of the construction sector to Haryana's Gross State Value Added (GSVA) & Net State Value Added (NSVA).
3) To investigate the contribution of Gross Fixed Capital Formation (GFCF) & Percentage Share in GFCF by construction sector in Haryana.

Data Sources And Methodology: -

The study is based on the secondary data. For the analysis of the construction sector in Haryana, secondary data have been used. The secondary data have been collected from the sources like reports of the Planning Commission, Census of India, Statistical Abstracts of Haryana, Surveys of National Sample Survey Organisation (NSSO), Labour Department, Journal, Magazine, Internet and other published reports of Government, etc.

Results: -

Gross State Value Added (GSVA):

Gross state value added (GSVA) is defined as the value of output less the value of intermediate consumption in a state. It is used to measure the output or contribution of a particular sector.

When such GSVA from all sectors (∑ GSVA) are added together and adding taxes (product) and reducing subsidies (product), we can get the GSDP (at market price). Thus, Gross state value added (GSVA) shows the production influence of a specific sector in a state.

Technically,

GSDP at Market Prices = ∑ GSVA at basic prices + product taxes – product subsidies.

In this context, when GSVA from all sectors are added together and compulsory adjustment for taxes and subsidies are made, we will get GSDP for the state.

Net State Value Added (NSVA): By subtracting consumption of fixed capital (Depreciation) from GSVA the corresponding Net state value added (NSVA) is obtained.

Technically, NSVA= GSVA – Depreciation.

Table – 1 Gross State Value Added (GSVA) by Construction Sector in Haryana at constant (2011-12) Prices (₹ in crore)

Year	GSVA at constant price (₹ in crore)
2011-12	29759.66
2015-16	29581.79

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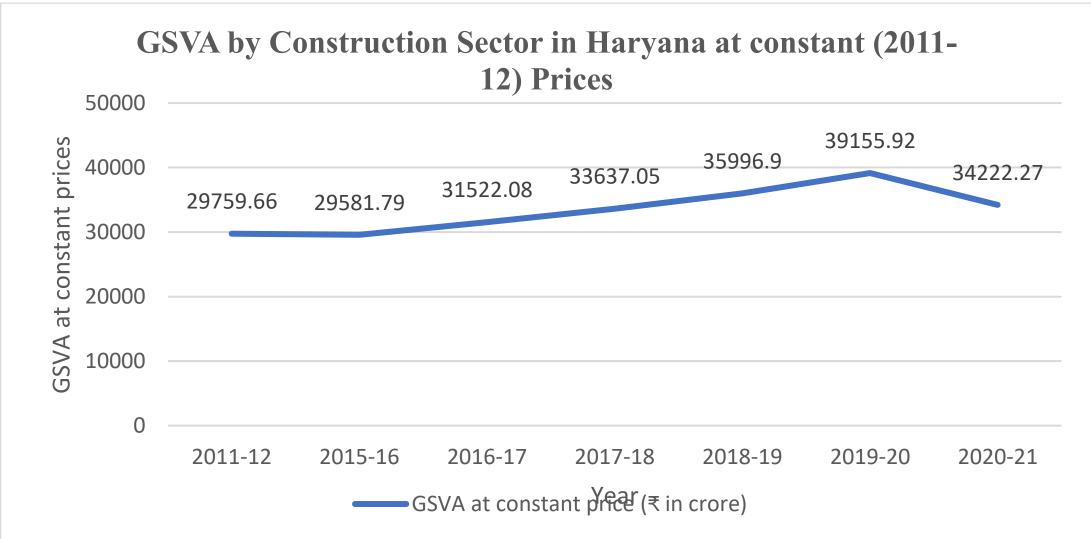
2016-17	31522.08
2017-18	33637.05
2018-19	35996.90
2019-20	39155.92
2020-21	34222.27

Source- Department of Economic and Statistical Analysis, Haryana

Table- 1 shows that the Gross State Value Added (GSVA) by construction sector in Haryana at constant (2011-12) prices during the year 2011 to 2021. In 2015-16, the Gross State Value Added (GSVA) by construction sector was ₹ 29581.79 crore at constant (2011-12) prices in Haryana. But during the year 2020-21, the Gross State Value-Added (GSVA) by construction sector was ₹ 34222.27 crore at constant Prices in Haryana. In 2019-20, Gross State Value Added by construction sector was highest compare to other session in Haryana, who was ₹ 39155.92 crore at constant prices.

Figure- 1 Gross State Value Added (GSVA) by Construction Sector in Haryana at Constant (2011-12) Prices



Source- Department of Economic and Statistical Analysis, Haryana

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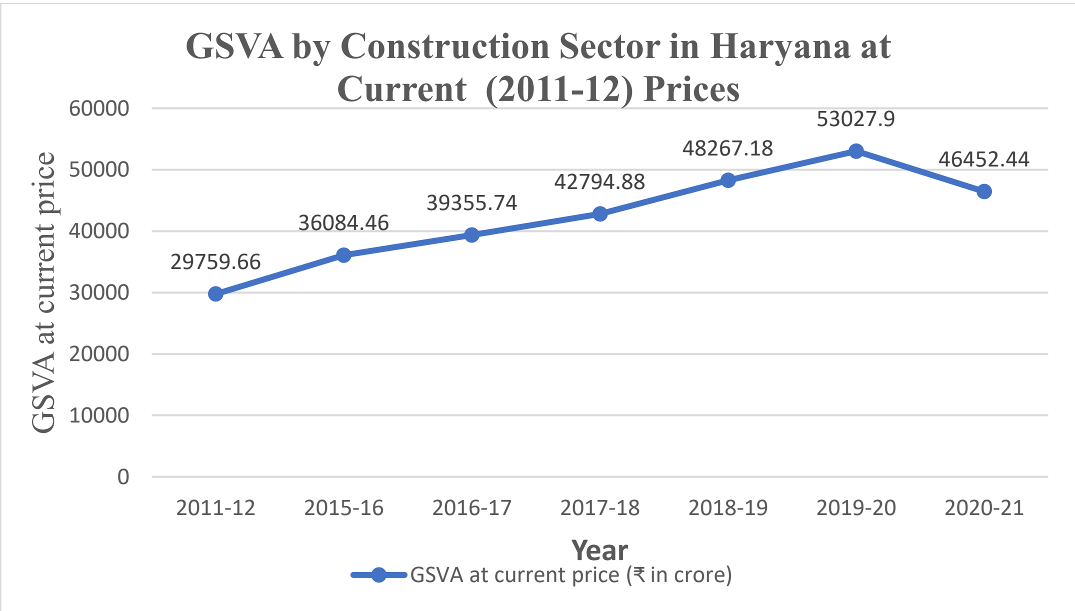
Table – 2 Gross State Value Added (GSVA) by Construction Sector in Haryana at current Prices (₹ in crore)

Year	GSVA at current price (₹ in crore)
2011-12	29759.66
2015-16	36084.46
2016-17	39355.74
2017-18	42794.88
2018-19	48267.18
2019-20	53027.90
2020-21	46452.44

Source- Department of Economic and Statistical Analysis, Haryana

Table- 2 shows that the Gross State Value Added (GSVA) by construction sector in Haryana at current prices during the year 2011 to 2021. In 2015-16, the Gross State Value Added (GSVA) by construction sector was ₹ 36084.46 crore at current prices in Haryana. But during the year 2020-21, the Gross State Value Added (GSVA) by construction sector was ₹ 46452.44 crore at current price in Haryana.

Figure- 2 Gross State Value Added (GSVA) by Construction Sector in Haryana at Current Prices



Source- Department of Economic and Statistical Analysis, Haryana

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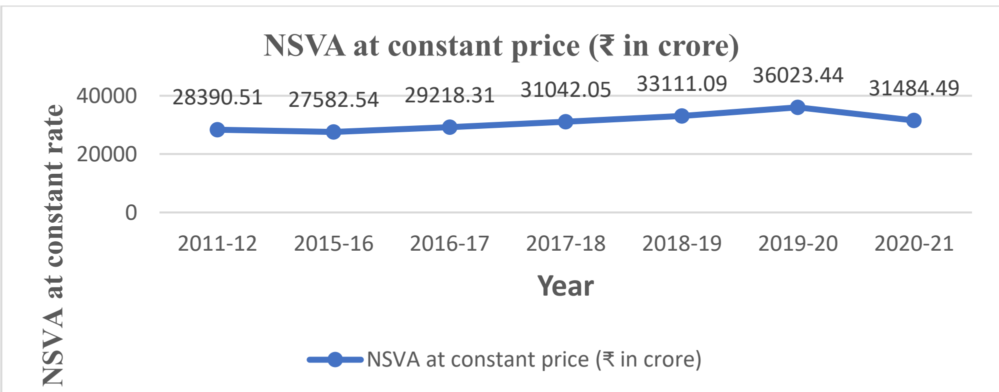
Table – 3 Net State Value Added (NSVA) by Construction Sector in Haryana at Constant (2011-12) Prices (₹ in crore)

Year	NSVA at constant price (₹ in crore)
2011-12	28390.51
2015-16	27582.54
2016-17	29218.31
2017-18	31042.05
2018-19	33111.09
2019-20	36023.44
2020-21	31484.49

Source- Department of Economic and Statistical Analysis, Haryana

Table- 3 shows that the Net State Value Added (NSVA) by construction sector in Haryana at constant (2011-12) prices during the year 2011 to 2021. In 2015-16, the Net State Value Added (NSVA) by construction sector was ₹ 27582.54 crore at constant (2011-12) prices in Haryana. In 2019-20, Net State Value- Added by construction sector was highest compare to other session in Haryana.

Figure- 3 Net State Value Added (NSVA) by Construction Sector in Haryana at Constant (2011-12) Prices



Source- Department of Economic and Statistical Analysis, Haryana

Figure- 3 shows that the Net State Value Added (NSVA) by construction sector in Haryana at constant (2011-12) prices during the year 2011 to 2021. In 2015-16, the Net State Value Added (NSVA) by construction sector was ₹ 27582.54 crore at constant (2011-12) prices in Haryana. But during the year 2020-21, Net State Value Added (NSVA) by construction sector was ₹ 31484.49 crore at constant (2011-12) prices in Haryana. In 2019-20, Net State Value Added by construction sector was highest compare to other session in Haryana, who was ₹ 36023.44 crore at constant prices.

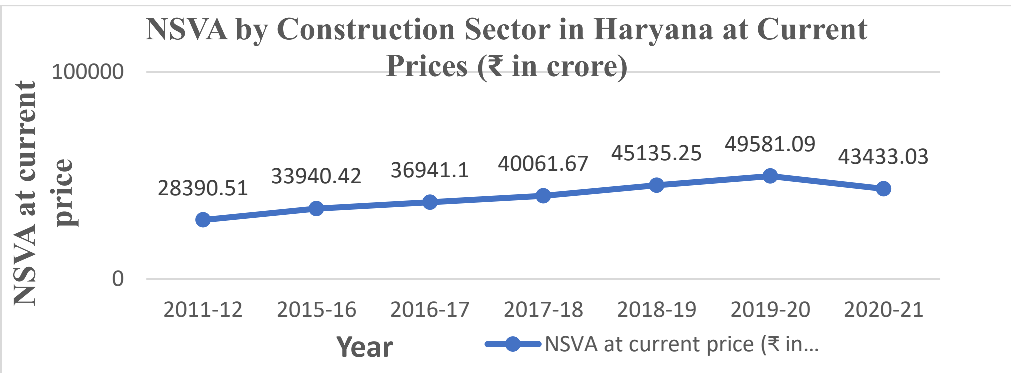
Table – 4 Net State Value Added (NSVA) by Construction Sector in Haryana at Current Prices (₹ in crore)

Year	NSVA at current price (₹ in crore)
2011-12	28390.51
2015-16	33940.42
2016-17	36941.10
2017-18	40061.67
2018-19	45135.25
2019-20	49581.09
2020-21	43433.03

Source- Department of Economic and Statistical Analysis, Haryana

Table- 4 shows that the Net State Value Added (NSVA) by construction sector in Haryana at current prices during the year 2011 to 2021. In 2015-16, the Net State Value Added (NSVA) by construction sector was ₹ 33940.42 crore at current prices in Haryana. In 2019-20, Net State Value- Added by construction sector was highest compare to other session in Haryana.

Figure: - 4 Net State Value- Added (NSVA) by Construction Sector in Haryana at Current Prices



Source- Department of Economic and Statistical Analysis, Haryana

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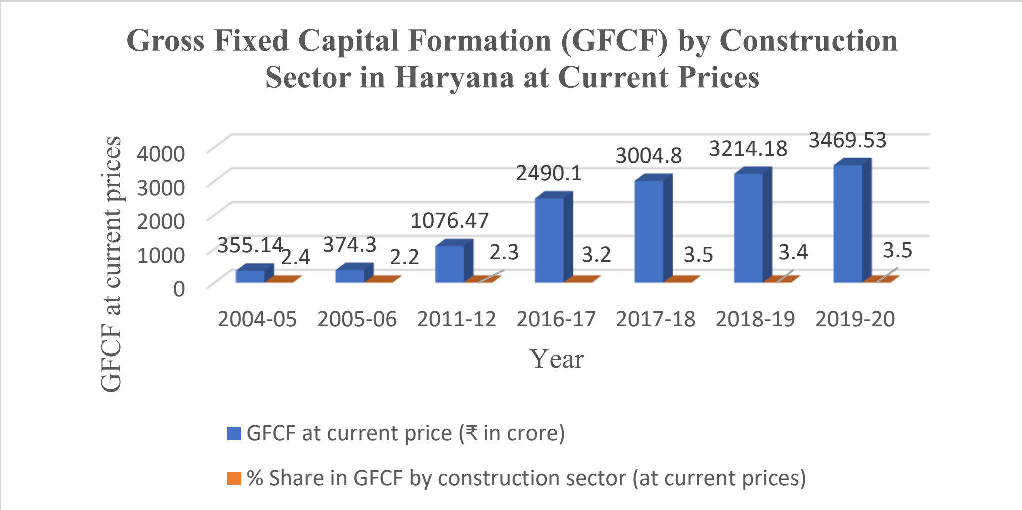
Table – 5 Gross Fixed Capital Formation (GFCF) by Construction Sector in Haryana at Current Prices (₹ in crore)

Year	GFCF at current price (₹ in crore)	% Share in GFCF by construction sector (at current prices)
2004-05	355.14	2.4
2005-06	374.30	2.2
2011-12	1076.47	2.3
2016-17	2490.10	3.2
2017-18	3004.80	3.5
2018-19	3214.18	3.4
2019-20	3469.53	3.5

Source- Department of Economic and Statistical Analysis, Haryana 2022

Table- 5 shows that Gross Fixed Capital Formation (GFCF) by construction sector at current prices in Haryana. In 2016-17, Gross Fixed Capital- Formation (GFCF) by construction sector was ₹ 2490.10 crore and 3.2 percent share of construction sector in GFCF at current prices in Haryana. But during the year 2018-19, Gross Fixed Capital Formation by construction sector was ₹ 3214.18 crore and 3.4 percent share of construction sector in GFCF at current prices.

Figure- 5 Gross Fixed Capital Formation (GFCF) by Construction Sector in Haryana at Current Prices (₹ in crore)



Source- Department of Economic and Statistical Analysis, Haryana 2022

Figure- 5 shows that Gross Fixed Capital Formation (GFCF) by construction sector at current prices in Haryana. In 2016-17, Gross Fixed Capital- Formation (GFCF) by construction sector was ₹ 2490.10 crore and 3.2 percent share of construction sector in GFCF at current prices in Haryana. But during the year 2019-20, Gross Fixed Capital Formation by construction sector was ₹ 3469.53 crore and 3.5 percent share of construction sector in GFCF at current prices.

Table – 6 Gross Fixed Capital Formation (GFCF) by Construction Sector in Haryana at Constant (2004-05) Prices (₹ in crore)

Year	GFCF at constant price (₹ in crore)	% Share in GFCF by construction sector (At constant prices)
2004-05	355.14	2.4
2005-06	366.01	2.3
2011-12	616.54	2.0
2016-17	841.01	2.0
2017-18	1462.01	3.3

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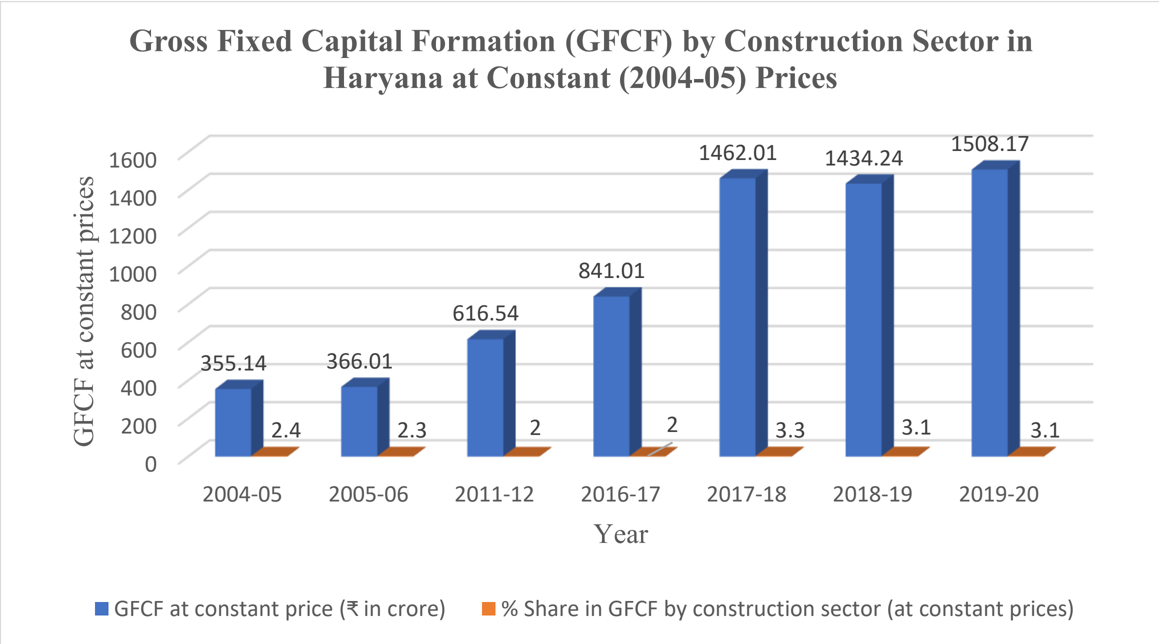
2018-19	1434.24	3.1
2019-20	1508.17	3.1

Source- Department of Economic and Statistical Analysis, Haryana 2022

Table- 6 shows that Gross Fixed Capital Formation (GFCF) by construction sector at constant prices in Haryana. In 2016-17, Gross Fixed Capital Formation (GFCF) by construction sector was ₹ 841.01 crore and 2.0 percent share of construction sector in GFCF at current prices in Haryana. But during the year 2019-20, Gross Fixed Capital Formation by construction sector was ₹ 1508.17 crore and 3.1 percent share of construction sector in GFCF on the base of constant prices.

Figure- 6 Gross Fixed Capital Formation (GFCF) by Construction Sector in Haryana at Constant (2004-05) Prices (₹ in crore)



Source- Department of Economic and Statistical Analysis, Haryana 2022

Figure - 6 shows that Gross Fixed Capital Formation (GFCF) by construction sector at constant Prices in Haryana. In 2016-17, Gross Fixed Capital Formation (GFCF) by construction sector was ₹ 841.01 crore and 2.0 percent share of construction sector in GFCF at current prices in Haryana. But during the year 2018-19, Gross Fixed Capital Formation by construction sector was ₹ 1434.24 crore and 3.1 percent share of construction sector in GFCF on the base of constant prices.

Main Findings: -

In 2019-20, Gross State Value Added by construction sector was highest compare to other session in Haryana, who was ₹ 39155.92 crore at constant prices & ₹ 53027.90 crore on the base of current prices. In 2019-20, Net State Value Added by construction sector was highest compare to other session in Haryana, who was ₹ 36023.44 crore at constant prices & ₹ 49581.09 crore on the base of current prices.

During the year 2019-20, Gross Fixed Capital Formation by construction sector was ₹ 3469.53 crore at current prices & ₹ 1508.17 crore on the base of constant prices and 3.5 percent share of construction sector in Gross Fixed Capital Formation (GFCF) at current prices & 3.1 percent share of construction sector in GFCF on the base of constant prices.

Conclusion & Suggestions: -

In conclusion, it can be said that despite the small size of Haryana, the growth rate of the construction sector's contribution to the state's Gross & Net Value Added is very low; furthermore, the construction sector's percentage share in the state's Gross Capital Formation is also continuously declining.

On the base of this study, it can be said that the Government of Haryana must encourage domestic and foreign investors to increase the construction sector's share in Gross Capital Formation. Furthermore, to strengthen the economic standing of the construction sector within the state, there is an urgent need to formulate new and effective policies aimed at enhancing the sector's contribution to the state's Gross & Net Value Added.

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