

APPSC GROUP-I MAINS — STUDY NOTES

INCONSISTENT GROWTH RATE

Volatility • Sectoral Imbalances • Structural Constraints • AP Growth Trajectory

Paper IV — Economy & Development | Day 2 (31 Mar 2026)

SECTION 1: SUMMARISED NOTES

1.1 Introduction — What is Inconsistent Growth?

Inconsistent growth refers to the phenomenon where an economy's GDP/GSDP growth rate fluctuates significantly from year to year, failing to maintain a stable, predictable trajectory. While some cyclical variation is natural, excessive volatility indicates structural weaknesses — dependence on monsoons, external shocks, policy discontinuity, or sectoral imbalances. For APPSC, this topic demands analysis of both India's national growth pattern and AP's specific growth trajectory.

India has been described as the fastest-growing major economy for the fourth consecutive year (Economic Survey 2025-26), with FY26 growth at 7.4% and medium-term potential at ~7%. Yet, India's growth story over the past decade reveals significant volatility, sectoral divergences, and structural challenges that make sustained high growth uncertain.

1.2 AP's Growth Trajectory — The Data Story

The AP Socio-Economic Survey 2024-25 provides a decade of GSDP data that starkly illustrates growth inconsistency:

AP GSDP Growth Rate at Constant (2011-12) Prices

Year	GSDP Growth	Agri GVA Growth	Industry GVA Growth	Services GVA Growth	Observation
2014-15	9.20%	3.55%	12.58%	8.98%	Post-bifurcation base year
2015-16	12.16%	8.30%	10.74%	12.08%	Highest growth; all sectors strong
2016-17	8.34%	14.98%	12.48%	1.76%	Services collapsed; demonetisation impact
2017-18	10.09%	18.23%	5.75%	7.98%	Agriculture boom; industry slowed
2018-19	5.36%	3.54%	3.17%	4.84%	Sharp deceleration across all sectors
2019-20	3.70%	8.51%	-0.41%	6.52%	Pre-COVID slowdown; industry contracted

Year	GSDP Growth	Agri GVA Growth	Industry GVA Growth	Services GVA Growth	Observation
2020-21	1.52%	1.89%	18.86%	-9.21%	COVID year; services crashed, industry rebounded
2021-22	7.14%	9.60%	3.19%	11.46%	Post-COVID recovery; services bounced back
2022-23	6.51%	2.87%	4.68%	10.43%	Growth moderating; agriculture sluggish
2023-24	6.18%	-1.58%	7.52%	7.71%	Agriculture contracted; industry-services carried growth
2024-25 (FAE)	9.24%	10.70%	6.58%	8.53%	Strong recovery; agriculture rebounds

Key observation: AP's GSDP growth swung from a high of 12.16% (2015-16) to a low of 1.52% (2020-21), with the range between peak and trough being over 10 percentage points. Agriculture GVA was the most volatile sector, ranging from +18.23% (2017-18) to -1.58% (2023-24). Services crashed to -9.21% during COVID but recovered to 11.46% the next year. This pattern confirms significant inconsistency.

1.3 National Growth Pattern

India's national GDP growth has also shown volatility: the economy grew at 8.2% in FY24 but decelerated to 6.4% in FY25 before recovering to 7.4% (FAE FY26). The COVID contraction of -5.8% (FY21) was followed by an 8.7% rebound (FY22). The Economic Survey 2025-26 notes that India's medium-term potential is estimated at ~7%, but external uncertainties (trade fragmentation, US tariffs, China slowdown) could affect this trajectory. Services remain the primary growth driver at 53.6% of GDP, but manufacturing growth, while recovering (7.72%/9.13% in Q1/Q2 FY26), remains insufficient for job creation.

1.4 Causes of Inconsistent Growth

1.4.1 Agriculture Dependence & Monsoon Vulnerability

Agriculture's growth is inherently volatile because it depends on rainfall. AP received 960.3 mm rainfall in 2024 (11.7% above normal), leading to 10.70% agriculture GVA growth. But in years of poor monsoon or drought, agriculture contracts sharply (as in 2023-24: -1.58%). Since 60% of AP's population depends on agriculture, this volatility directly impacts rural incomes, consumption, and overall GSDP. Only 55% of net sown area is irrigated nationally, making agriculture a gamble with the monsoon.

1.4.2 Global Shocks & External Vulnerability

India's growth has been disrupted by global events: the 2008 financial crisis, 2014-15 commodity price crash, 2020 COVID pandemic, and 2022 Russia-Ukraine conflict (oil and food price spikes). The

Economic Survey 2025-26 warns that trade fragmentation, geopolitical tensions, and financial vulnerabilities remain elevated. India's current account deficit, while moderate at 1.3% of GDP (Q2 FY26), is susceptible to oil price shocks — India imports over 85% of its crude oil requirements.

1.4.3 Policy-Induced Disruptions

Demonetisation (November 2016) and GST implementation (July 2017) caused short-term growth disruptions. The informal sector, which accounts for over 80% of employment, was disproportionately affected. AP's services growth collapsed to 1.76% in 2016-17 — likely reflecting the cash crunch's impact on trade, transport, and informal services.

1.4.4 Structural Constraints

- **Manufacturing Stagnation:** Manufacturing contributes only ~11% to AP's GSDP and ~17% nationally. Without a robust manufacturing sector, growth depends disproportionately on volatile agriculture and skill-intensive services.
- **Infrastructure Gaps:** Despite progress (airports 74→164, NHs +60%), logistics costs at ~14% of GDP remain high. Rural infrastructure deficits constrain agricultural productivity and market access.
- **Low R&D:** At 0.64% of GDP, India's R&D spending limits innovation-driven growth that could cushion cyclical downturns.
- **Fiscal Constraints:** AP's fiscal deficit (₹73,362 crore) and total debt (₹5,64,488 crore) limit the state's ability to invest counter-cyclically during downturns. Revenue deficit (₹48,311 crore) means even routine spending requires borrowing.

1.4.5 AP-Specific Factors

- **Post-Bifurcation Disruption:** The 2014 bifurcation stripped AP of its capital city (Hyderabad), established IT industry, and significant revenue base. Rebuilding institutional infrastructure has diverted resources from growth-enhancing investments.
- **Capital City Uncertainty:** The Amaravati capital project's delays created policy uncertainty, discouraging private investment during critical years.
- **Water Disputes:** Unresolved Krishna and Godavari water sharing with Telangana affects irrigation potential and agricultural growth stability.
- **Debt Burden:** Total debt reached ₹5,64,488 crore (FY25 RE). Interest payments consume a growing share of revenue, crowding out developmental expenditure.

1.5 Consequences of Inconsistent Growth

- **Employment Instability:** Fluctuating growth creates uncertain job markets. During slowdowns, informal workers (80%+ of workforce) lose income without social security.
- **Investment Uncertainty:** Private investors require predictable growth to commit capital. AP's SIPB approved ₹2,45,275 crore projects, but conversion of MoUs to actual investment depends on stable policy and growth environment.
- **Fiscal Volatility:** Tax revenue fluctuates with growth — AP's own tax revenue (₹94,967 crore) falls during slowdowns, widening deficits and forcing spending cuts.
- **Poverty Reversal Risk:** While AP's MPI halved from 0.053 to 0.025, growth slowdowns can push vulnerable populations back into poverty. The World Bank's revised data shows 23.9% of India in lower-middle-income poverty — not far from slipping back.

1.6 Strategies for Stable Growth

- **Irrigation Expansion:** Reducing monsoon dependence through Polavaram (national project), micro-irrigation (AP covered 2.05 lakh acres), and watershed management.
- **Manufacturing Push:** PLI schemes (₹2L crore invested nationally), AP's Industrial Development Policy 4.0, three industrial corridors, and semiconductor mission (₹1.60L crore).
- **Diversification:** AP's strength in fisheries (30% of national production), horticulture (largest fruit producer), and livestock (1st eggs) provides buffers against crop failure.
- **Fiscal Discipline:** Revenue enhancement through GST compliance (₹17.4L crore nationally Apr-Dec), own tax expansion, and expenditure rationalisation.
- **Skill Development:** AP's 20 lakh jobs target, skill census pilot, Naipunyam digital platform, and global placement networks to build resilient human capital.
- **Swarna Andhra 2047:** Long-term vision targeting GSDP >\$2.4 trillion, PCI >\$42,000, unemployment <2% — provides directional stability for policy.



SECTION 2: KEY DIMENSIONS TO COVER

Examiner angles for this topic.

1. **Define Inconsistency:** Distinguish between cyclical fluctuations (normal) and structural inconsistency (problematic). Use AP's data: 12.16% to 1.52% range over a decade.
2. **Data-Driven Analysis:** Present the year-wise AP GSDP table. Highlight agriculture's volatility as the primary driver of inconsistency.
3. **Sectoral Analysis:** Agriculture (monsoon-dependent, volatile), Industry (moderate but below potential), Services (dominant but COVID-vulnerable). Each sector's contribution to inconsistency.
4. **External vs Internal Causes:** Global shocks (oil, COVID, trade wars) vs domestic factors (demonetisation, GST disruption, monsoon failure, policy uncertainty).
5. **India vs AP Comparison:** AP's GSDP growth exceeded India's in some years, lagged in others. Compare trajectories and explain divergences.
6. **Post-Bifurcation Impact:** How loss of Hyderabad, capital uncertainty, and debt burden specifically affected AP's growth consistency.
7. **Consequences:** Employment, investment, fiscal, and poverty implications of volatile growth. Use MPI and poverty data.
8. **Policy Solutions:** Irrigation, diversification, manufacturing, fiscal reform, skilling. Use Swarna Andhra 2047 targets as the aspirational framework.
9. **Global Context:** Economic Survey's warning about trade fragmentation, US tariffs, China slowdown. How global headwinds amplify domestic inconsistency.

SECTION 3: PRELIMS MUST-REMEMBER FACTS

Crisp factual points from official surveys.

1. AP GSDP growth (constant prices) range: High 12.16% (2015-16), Low 1.52% (2020-21). Range: 10.64 percentage points. (AP Survey)
2. AP GSDP 2024-25 (FAE): ₹8.73 lakh crore (constant); ₹16.06 lakh crore (current). Growth: 9.24% / 12.94%. (AP Survey)
3. India GDP FY26 (FAE): 7.4% real growth. FY25: 6.4%. FY24: 8.2%. Potential: ~7%. (Eco Survey 2025-26)
4. AP Agriculture GVA growth: Most volatile sector. +18.23% (2017-18), -1.58% (2023-24), +10.70% (2024-25). (AP Survey)
5. AP Services GVA: Crashed to -9.21% (2020-21 COVID), recovered to 11.46% (2021-22). (AP Survey)
6. AP Industry GVA: Contracted -0.41% (2019-20), surged 18.86% (2020-21), then moderated. (AP Survey)
7. AP rainfall 2024: 960.3 mm vs normal 860.0 mm (+11.7%). Good monsoon drove agriculture recovery. (AP Survey)
8. India CPI inflation: 1.7% (Apr-Dec 2025) — lowest since CPI series began. (Eco Survey)
9. India manufacturing GVA: 7.72% (Q1 FY26), 9.13% (Q2 FY26). Structural recovery underway. (Eco Survey)
10. AP fiscal deficit FY25 RE: ₹73,362 crore. Revenue deficit: ₹48,311 crore. Total debt: ₹5,64,488 crore. (AP Survey)
11. AP own tax revenue: ₹94,967 crore. Central transfers: ₹89,157 crore. Total expenditure: ₹2,49,418 crore. (AP Survey)
12. PLI: ₹2.0L crore invested across 14 sectors; ₹18.7L crore production; 12.6L jobs (Sep 2025). (Eco Survey)
13. AP SIPB: 8 mega projects, ₹2,45,275 crore committed, 65,541 jobs expected. (AP Survey)
14. AP: 60% population dependent on agriculture; only 30.4% land cultivated (49.55 lakh ha). (AP Survey)
15. India exports: Record \$825.3 billion (FY25). Services exports: \$387.6B (+13.6%). Forex: \$701.4B. (Eco Survey)
16. AP per capita income: ₹2,68,653 vs India ₹2,00,162. AP exceeds national average despite fiscal stress. (AP Survey)
17. COVID impact: AP services -9.21% (2020-21). India GDP -5.8% (FY21). Recovery uneven across sectors. (Both Surveys)
18. Demonetisation: November 2016. AP services growth fell to 1.76% in 2016-17 from 12.08% in 2015-16. (AP Survey)
19. Swarna Andhra 2047: GSDP >\$2.4 trillion; PCI >\$42,000; Unemployment <2%. (AP Survey)
20. India's medium-term growth potential: ~7%. FY27 projected 6.8-7.2%. (Eco Survey)

SECTION 4: MAINS MUST-WRITE POINTS

Structured points for descriptive answers.

1. **The Volatility Problem:** AP's GSDP growth swung from 12.16% (2015-16) to 1.52% (2020-21) — a range exceeding 10 percentage points within a decade. Nationally, India oscillated from -5.8% (FY21) to 8.2% (FY24). This inconsistency makes long-term planning difficult, deters private investment, creates employment uncertainty, and complicates fiscal management. For a state like AP, which is rebuilding post-bifurcation, predictable growth is not a luxury but a necessity.
2. **Agriculture: The Primary Source of Volatility:** Agriculture GVA is the most volatile component of AP's GSDP, ranging from +18.23% to -1.58%. Since 60% of AP's population depends on agriculture, this volatility transmits directly into rural consumption, migration patterns, and electoral politics. The solution is not to reduce agriculture's importance but to reduce its vulnerability: expanding irrigation (AP's micro-irrigation covers 2.05 lakh acres), promoting crop diversification (AP is already India's largest fruit producer), and building weather-resilient infrastructure.
3. **Services: Growth Engine with Fragility:** Services constitute the largest GVA share for both India (53.6% of GDP) and AP. But the COVID crash (-9.21% in AP, national -5.8%) exposed services' vulnerability to disruption. Unlike agriculture (which recovered quickly), services recovery was gradual. The lesson: over-dependence on any single sector creates systemic risk. AP needs a more balanced growth model integrating manufacturing.
4. **Manufacturing: The Missing Stabiliser:** Manufacturing's steady growth could cushion agricultural volatility and services fragility. But AP's manufacturing is only ~11% of GSDP. National manufacturing GVA grew 7.72%/9.13% in Q1/Q2 FY26, and PLI schemes have attracted ₹2 lakh crore investment. AP's Industrial Policy 4.0, three industrial corridors, and SIPB projects (₹2,45,275 crore) represent the right direction, but converting commitments to operational factories is the challenge.
5. **External Shocks Amplify Domestic Weakness:** The Economic Survey 2025-26 warns that global risks remain elevated: trade fragmentation, geopolitical tensions, and financial vulnerabilities. India's export diversification (3rd in Global South per UNCTAD) and forex reserves (\$701.4 billion) provide buffers, but AP's open economy (fisheries exports, IT services) remains exposed to global demand fluctuations.
6. **Post-Bifurcation as Growth Disruptor:** AP's inconsistency is partly explained by the 2014 bifurcation shock. Loss of Hyderabad (IT hub, revenue base), capital city uncertainty, inherited debt, and divided water resources created a structural growth handicap. The GSDP growth deceleration from 10.09% (2017-18) to 5.36% (2018-19) and further to 3.70% (2019-20) coincides with this period of institutional rebuilding.
7. **Fiscal Constraint as Growth Limiter:** AP's fiscal deficit (₹73,362 crore) and total debt (₹5,64,488 crore) limit counter-cyclical spending. When growth slows, revenue falls and deficits widen, forcing expenditure cuts precisely when stimulus is needed. This pro-cyclical fiscal behaviour amplifies growth inconsistency. The Centre's fiscal consolidation (three rating upgrades, capex at 4% of GDP) provides a model, but AP's revenue deficit state status makes replication difficult.
8. **Swarna Andhra 2047 as Consistency Framework:** The Swarna Andhra Vision 2047 — targeting GSDP >\$2.4 trillion, PCI >\$42,000, unemployment <2%, and women's WFP >80% — provides a long-term anchor that can reduce policy-induced inconsistency. If all

governments commit to this vision regardless of political changes, AP can achieve the stable, predictable growth trajectory that investors and citizens need.



SECTION 5: VALUE ADDITION

Enhance your Mains answers with these dimensions.

SDG Linkage

- SDG 8: Decent Work and Economic Growth — sustained, inclusive, and sustainable growth (not volatile growth).
- SDG 1: No Poverty — growth inconsistency is the primary driver of poverty relapse.
- SDG 10: Reduced Inequalities — volatile growth disproportionately impacts the vulnerable.
- SDG 13: Climate Action — climate-induced monsoon variability is a key cause of agricultural growth volatility.

Comparative Perspective

- India vs China: China maintained 6-10% growth consistently for three decades through manufacturing-led export strategy. India's services-led growth is inherently more volatile.
- India vs East Asian Tigers: South Korea, Taiwan maintained consistent growth through industrial policy, R&D investment, and export diversification. India's inconsistency partly reflects weaker industrial policy.
- AP vs Gujarat/Maharashtra: Gujarat maintained more consistent industrial growth through investor-friendly policies and infrastructure. AP's post-bifurcation disruption created a unique handicap.
- AP vs Telangana: Telangana's IT-services base (Hyderabad) provides relatively stable growth. AP's agriculture-heavy economy is inherently more volatile but also more employment-intensive.

Key Committees & Reports

- Economic Survey 2025-26: Identifies medium-term potential at ~7%. Advocates 'Disciplined Swadeshi' for strategic resilience.
- 15th Finance Commission (N.K. Singh): Recommended 41% devolution but did not fully account for state-level growth volatility.
- NITI Aayog: State MPI rankings help identify where growth inconsistency translates into poverty persistence.
- AP Socio-Economic Survey 2024-25: Provides the decade-long data that underpins this entire topic. Essential reading.

SECTION 6: QUICK REVISION BOX

Last-minute glance.

▶ AP GSDP: High 12.16% (2015-16)	▶ AP GSDP: Low 1.52% (2020-21)
▶ Range = 10.64 pp in one decade	▶ India: -5.8% (FY21) to 8.2% (FY24)
▶ Agri GVA most volatile: +18.23% to -1.58%	▶ Services crashed -9.21% in COVID year
▶ AP Manufacturing = only 11% of GSDP	▶ India Mfg GVA: 7.72%/9.13% Q1/Q2 FY26
▶ AP: 60% depend on agriculture	▶ Rainfall 2024: 960.3mm (+11.7% above normal)
▶ AP Fiscal Deficit = ₹73,362 Cr	▶ AP Total Debt = ₹5,64,488 Cr
▶ PLI: ₹2L Cr invested, 12.6L jobs	▶ AP SIPB: ₹2,45,275 Cr approved
▶ India potential growth = ~7%	▶ FY27 projected 6.8-7.2%
▶ Demonetisation: Services fell 12%→1.76% in AP	▶ Forex = \$701.4B (11 months cover)
▶ Swarna AP 2047: GSDP >\$2.4T target	▶ Art. 38 = Welfare; SDG 8 = Sustained growth

SECTION 7: RECOMMENDED SOURCES

Official documents are your primary sources for this topic.

Source	What to Read	Why
AP Socio-Economic Survey 2024-25	Ch. 2: Macro Economic Aggregates (Tables 2.1–2.8)	Decade of year-wise GSDP & sectoral GVA data
Economic Survey 2025-26 (Centre)	Ch. 1: State of the Economy	National growth data, FY27 projections, global risks
Ramesh Singh — Indian Economy	Ch. 1–2: Growth & Development	Conceptual framework: growth vs development
Arvind Panagariya — India Unlimited	Chapters on growth trajectory	Academic analysis of India's growth inconsistency
AP Budget Documents 2025-26	Fiscal Policy Statement (FRBM)	AP-specific fiscal constraints and deficit analysis
NITI Aayog — State Economy Profiles	AP profile	Comparative state-level growth and development data