

Regional disparities in Indian economic development

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ABSTRACT

Indian economy has been experiencing the annual average growth rate of around 6.02 percent from 1951-2015. This is quite a well performance as compared to another developed and developing economy. But the economic wellbeing of the country or a region depends upon its rate of economic development. In the previous times, the concept of development was measured in terms of growth of output, but later on it was measured in per capita output. In India, the rate of socio-economic development is commendable, but the benefits of this kind of development were not distributed among the different states or regions, which enlarge the socio-economic disparities among them. Keeping in this view, the present paper aims to find the extent of socio-economic inter-state disparities among the considered states in the present study. On the basis of simple comparative analysis method, the inequalities among different states were measured. Under this study, it was found that social-economic conditions of the deprived states were too low as compared to other states. The present study also discusses the policy adopted by the government for the development of regions. In the end, this study makes some recommendations that how by adopting policies based on social and economic justice, the disparities can be reduced.

Keywords: - *Inter-state socio-economic disparities, economic growth and economic development.*

INTRODUCTION

Regional disparities in economic development are one of the common features found in all over the world today. Regional disparity denotes regional imbalances or regional dualism or growth differentiation. The coexistence of relatively developed and economically depressed states and even regions with in each state known as a regional imbalance. The development process nowadays generally concentrate around the few main territories of a nation and others do not receive the benefits of such development due to factors like market imperfection, geographical constraints, false government policies, lack of law and order and other social, political and economic reasons. (1)

The prevalence of regional disparities is a common phenomenon and is present both in developed and developing countries. Even the richest country of the world- USA has the problem of imbalanced regional development and many small countries (such as *Italy & France*) and socialist countries (such as Russia and China) are also facing this problem. Different regions of a country grow at very unequal rates, resulting inter-regional and intra-regional disparities which in turn give socio economic problems. (2) In India, regional disparities exist from the British time period. The British rulers as well as industrialists started to develop only those embarked regions of the country which were potentially suitable for prosperous manufacturing and trading activities and served their interests. The British industrialist preferred to concentrate their activities mostly on metropolitan cities like Calcutta, Bombay, and Chennai etc. as compare to the other cities of the country. The uneven pattern of investment in industries as well as in economic overhead like transportation and communication facilities, irrigation and power made by the British has resulted regional disparities in India.

Disparities in economic and social development across the regions and intra-regional disparities among different segments of the society have been the major plank for adopting planning in India since independence. During the first three decades of planning, the government gave much stress to establish heavy industries in backward regions but this problem remained unabated. The accelerated economic growth since 1980s appears to have aggravated

regional disparities. The ongoing economic reform since 1991 with stabilization and deregulation policies as their central pieces seems to have further widened the regional disparities, because the benefits of economic growth after economic reforms were not distributed equally among the states.(3)

From many studies, it is clear that the development of any region depends upon the natural resources, human resources etc. But in spite of the availability of such kind of resources, many regions remained still backward like Orissa, Bihar, and Jharkhand etc. Thus in India, the process of development has not been determined by the availability of these resources alone; political and social factors are also important for the development.

In the present study, there are only 14 major states that have been taken for study. The scope of this study is limited to a comparative analysis of emerging trends in these states. These considered states comprised near about 94 percent population of India and remaining 6 percent of the population belongs to the rest of the states and seven UTs. These 14 states are divided into two groups, forward and backward. The forward group consists of Maharashtra, Punjab, Haryana, Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, West Bengal; whereas backward group comprises of Rajasthan, Odisha, Uttar Pradesh, Bihar, Madhya Pradesh, and Assam.(9)

In the eleventh and twelfth plan, special efforts were made to develop backward states so as to achieve inclusive growth. In both plans, government gave many incentives to the private sectors in the form of tax holiday, concessional loan, and relaxation in electricity bills etc. But in spite of that measures, regional imbalance still persist in India.

OBJECTIVES OF THE STUDY

1. To study the extent of socio-economic disparities among the considered states.
2. To analyze the government policies for balanced regional development.
3. To suggest few measures for inclusive growth and reducing regional disparities.

DATABASE AND METHODOLOGY

The present study is related with post reform period aimed at comparative analysis of the socio-economic development of 14 states of India. There are 12 socio-economic and human development indicators that have been taken for the comparative study. Out of which, per capita net state domestic product, percentage of irrigated area, Tele density (%), registered vehicles per 1000 person, share of urban population (%), population below poverty line (%) are economic variables where as sex ratio (no.), infant mortality rate (no.), literacy rate (%), life expectancy rate, death rate (%), birth rate (%) are social and human development indicators. The study is based on secondary data and all the requisite data which have been selected from various authentic sources viz. Census of India, handbook of statistics on Indian economy, Reserve Bank of India, reports of Planning Commission, center for monitoring India economy (CMIE), Economic survey, Government of India, Ministry of Communication and Information technologies, Ministry of Human Resource Development, Government of India. This study helps to examine the rate of development and level of disparities in development among various states. It also helps in deriving the suitable measures for balanced growth and in contributing to the regional economic development. Furthermore, with the help of various indicators which are taken in this study, regional disparities have been shown in different tables.

TABLE 1. **DEMOGRAPHICAL AND SOCIAL CHARACTERISTICS**

Forward states	Population 2011 in Million	% of urban share	Literacy Rate in %	IMR 2010	LER 2004-06	B.R%	D.R %	Sex ratio	Population below poverty line in %
ANDHRA	75.7	33.48	67.6	46	69.4	17.9	7.6	992	21.1
PRADESH	50.6	42.58	79.31	44	64.1	21.8	6.7	918	23.0
GUJRAT	21.1	34.88	76.64	48	66.2	22.3	6.6	877	20.1
HARYANA	31.8	47.71	93.91	13	74.0	14.8	7.0	1084	12.0
KERELA	96.7	45.23	82.91	28	67.2	17.1	6.5	925	24.5
MAHARASHTRA	24.3	37.50	76.68	34	66.2	16.6	7.0	893	15.9
PUNJAB	62.1	48.44	80.33	24	66.2	15.9	7.6	995	17.1
TAMILNADU	80.2	31.89	77.08	31	64.9	16.8	6.0	947	26.7
WEST BANGAL									
<u>BACKWARD STATES</u>									
	26.6	14.08	73.18	58	58.9	23.2	8.2	935	37.9
ASSAM	36.7	16.67	73.45	61	59.6	20.5	8.6	978	37.0
ODISHA	60.4	27.63	70.63	62	58.0	27.3	8.3	930	36.7
M.P	82.9	11.29	63.82	48	61.6	28.1	6.8	916	53.5
BIHAR	56.5	24.90	67.06	55	62.0	26.7	6.7	926	24.8
RAJASTHAN	166.0	22.08	69.72	61	69.0	28.3	8.1	908	37.7
U.P									
ALL INDIA	1027.0	31.20	74.0	45	63.4	22.1	7.2	940	29.8

SOURCE: Census of India 2011 & Economic survey 2009-2010, Government of India.

Note: IMR- Infant mortality rate, LER – Life expectancy rate, B.R – Birth rate & D.R- Death rate.

In Table 1 the share of urban population in India was 31.2 percent in 2011. In the first group, the share of urban population of all the states is above the national average, while in the second group the share of all the states is below the national average. In the first group, the most urbanized state is Tamil Nadu (48.44%) and Madhya Pradesh (27.63%) in the second group. In above table, all those states with higher level of urbanization have a metro city each of which accounts for a considerable share of urban population in the respective states. On the another hand, Life expectancy, Literacy rate, IMR, Death rate, Birth rate are the human development indicators. If the purpose of all development is to improve the quality of life, the human development indicators are the end products of the development process. The table shows the wide disparities among different states. Kerala and to some extent Tamil Nadu shows that it is possible to achieve higher level of human development even with low level of economic development. The Life expectancy rate (74.0) and Literacy rate (93.9%) of the Kerala are higher than other states in both groups. Among the backward states Bihar, UP and Rajasthan have very poor records in term of literacy. They also failed to make adequate investment in health infrastructure and consequently have low level of Life expectancy, high IMR and Birth rate. The state wise sex ratio is also given in this table, which represents the Index of Gender inequality. All India sex ratio is 940 i.e. there are 940 females per 1000 male. Kerala have the highest sex ratio 1084 as compared to the other states, where as Punjab and Haryana have the lowest sex ratio 893 and 877 respectively. In backward states, except the Odisha, all the states have low ratio than India's sex ratio. On the basis of poverty, Bihar got the first position where 53.5 percent population is below poverty line.

TABLE 2. PER CAPITA NET STATE DOMESTIC PRODUCT

States	constant price (1993-94) cr.			Constant price (2004-05) cr.		
	1990-91	2004-05	Growth rate(%)	2004-05	2012-13	Growth rate(%)
Forward states						
Andhrapradesh	6,873	12,352	4.30	25,321	44,089	7.00
Gujarat	8,788	16,878	4.80	32,021	57,508*	8.70
Haryana	11,125	16,872	3.00	37,972	65,500	7.00
Kerala	6,855	13,821	4.90*	31,871	53,877*	7.80*
Maharashtra	10,159	17,864	4.10	35,915	66,066	7.90
Punjab	11,776	16,756	2.10	33,103	48,409	4.80
Tamil Nadu	7,864	13,999	4.20	30,062	59,113	8.80
West Bengal	5,991	12,271	5.30	22,649	34,229*	6.21*
Backward states						
Assam	5,574	6,721	1.40	16,782	24,198	4.70
Odisha	4,300	7,176	3.70	17,650	25,584	4.80
Madhya Pradesh	6,350	8,238	1.80	15,442	26,514	7.00
Bihar	4,474	3,773	-1.20	7,914	14,994	8.30
Rajasthan	6,760	9,853	2.70	18,565	28,851*	4.70
Uttar Pradesh	5,342	6,138	1.00	12,950	18,891	4.80
All India	7,430	12,593	3.90	24,143	38,005	5.74 *

Source: Handbook of statistics on Indian economy (2011-12), CSO, National account statistics, 2013-14, CMIE.*for 2011-12

Table 2 provides per capita NSDP at 1993-94 and 2004-05 prices for both forward and backward states. Punjab had highest per capita income in 1990-91 but in 2004-05 Maharashtra was at the top. Odisha had the lowest per capita income in 1990-91, but in 2004-05 Bihar had recorded the lowest per capita income. During the period 1990-91 and 2004-05 West Bengal had recorded the highest growth rate, while Bihar recorded negative growth rate. Further, while advanced states had recorded smart annual rate of growth, backward states had registered extremely poor rate of growth between 1 and 3.7 per cent. This is a clear indication that forward states providing highest per capita income to their profile while the backward states falling to catch up with the forward states up to 2005. After the 2004-05 there were positive changes in per capita NSDP of backward states. Bihar had lowest per capita income in 2004-05 (at 2004-05 prices), but it was denoted 14,994Cr in 2012-13 and pertained highest growth rate 8.30 percent as compared to other backward states. Whereas Assam, Odisha, and Uttar Pradesh still had low changes in average growth rate which is below the National average. Further while in advance states Tamil Nadu had highest growth rate 8.80 percent whereas West Bengal had lowest growth rate 6.21 percent in 2004-5 to 2012-13.

TABLE 3. LEVEL OF INFRASTRUCTURE DEVELOPEMNT

Forward states	Per capita power consumption (kmw) 2011-12	Registered vehicles per 1000 2011-12	Tele Density(%) dec-2014	% of irrigated area 2011-12
Andhra Pradesh	1157	145	81.06	49
Gujarat	1663	241	93.34	46
Haryana	1628	231	80.31	86
Kerala	594	198	95.96	17
Maharashtra	1204	171	92.20	19
Punjab	1799	324	103.49	98
Tamil Nadu	1277	257	114.71	58
West Bengal	564	43	73.40	56
Backward states				

Assam	250	58	50.41	4
Odisha	628	91	63.41	35
Madhya Pradesh	593	111	57.04	33
Bihar	134	31	47.60	61
Rajasthan	927	130	76.18	35
Uttar Pradesh	450	76	58.09	76
All India	884	145	80.98	45.4

Source: Reports of planning commission 2011-12, Ministry of communication information technology, Government of India.

Infrastructure is a key factor for economic and social development of the country. Infrastructure can be physical, social or financial in nature. Energy, irrigation, transportation, communication, education are some important infrastructure facilities which are mostly provided by private sector than market forces. Table 3 the per capita power consumption is an indicator of energy which revealed it availability in different states. It is clear from the table that the per capita power consumption in advanced states like Punjab, Gujarat and Tamil Nadu etc. is high whereas it is poor in backward states like Bihar, Uttar Pradesh, Assam etc. In the forward group except Kerala and west Bengal all states power consumption is above the national average. Further the highest power consumption per head in Punjab whereas Bihar has lowest per head power consumption among all the states. On the other hand number of motor vehicles per 1000 and Tele density both indicators reflect the higher standard of living. The highest vehicle density is in Punjab and lowest is in Bihar among all the considered states. In Tele density Tamil Nadu got first position and Bihar got the lowest position.

The share of irrigated area in gross cropped area is an important indicator of the level of agriculture development of region. State wise percentage of irrigated area in gross cropped area is given in last column. Among all these states eight states have higher percentage of share as compared to national average (45.3%) and six states have lower percentage of share. Punjab has the highest share about 98% irrigated area following by Uttar Pradesh 76% and Haryana 86%, whereas Assam has lowest share about 4% following by Rajasthan 35% and M.P 33%.t

GOVERNMENT POLICIES FOR REGIONAL DEVELOPMENT

For the economic development of any country or states socio-economic development is must. The Indian government realizes the importance of balance growth of the economy since the starting of planning process. There are many states in India which are depend on agriculture like Bihar, Uttar Pradesh, Madhya Pradesh etc. so that's why these state are backward from region wise and per capita income wise. So, during planning government gave much stress to established heavy industries in these backward areas. In third plan National Development council considered the problem of industrial backwardness in various parts of the country and suggested the criteria for the identification of industrially backward areas. NDC (1968) committee appointed two working group for reducing industrial backwardness. One for suggesting criteria for identification of backwardness and other is recommending fiscal and financial incentives for establishing industries in backward area. But all these committees fail to achieve balanced regional development. After that planning commission adopted several measures for balanced regional development are.

1. Special area development program to develop hilly area, tribal area, drought prone area. The main objective of these program is to benefit small farmer, agricultural labourers, and to rural development in backward areas.(8)
2. Backward region grant fund (BRGF) 2006 has created for promoting development in 250 most backward districts of the country. BGRF replaced the Rashtriya Sam Vikasojna. In 2013-14, 11,500cr have been given to this fund.(8)
3. To reduced regional disparities state government also gave some incentives to attract investor in their states. These incentives are concession loan, concessional rate of power supply, exemption from municipal tax, subsidy for investment in certain areas etc.

Beside of these policy there are many more plans and policies are constructed by government for development of infrastructure, for promoting education, health facilities etc. To promote investments in backward regions there are many public sector financial institutions namely small industrial development bank of India (SIDBI), Industrial

financial corporation of India (IFCI), State Finance Corporation (SFCs) etc. which provide concessional loan and technical assistance to entrepreneurs of backward regions.

RECOMMENDATION AND CONCLUSION

In spite all these efforts and policies undertaken by the government the inclusive and balanced growth is far from achievement due to the lack of supervision, inefficient in policy implementation, lack of support of the community, inefficient administration etc. There are following some suggestions for overall development of the region for reducing disparities.

- Different states are backward for different reasons viz. some states are backward because of flood while others have the problem of drought, some other states are backward because of poor law and order. So separate strategies should be set up for each backward states.
 - Government should have to enhance its supervision in all activities which are performed at regional level or rural level.
 - In agriculturist region government should encourage the farmers to do horticulture, animal husbandry, fishing, dairy farming etc. along with agriculture.
 - No doubt government opened many public financial institutes for the assistance of backward region, but it does not provide requisite loan to the rural entrepreneur. So that's why government should have to fix particular amount which is only taken by these entrepreneur.
 - Government should provide proper finance for the development of infrastructure in backward areas, and all the state governments should spend this amount in respective time not in election time.
- In short, it can be concluded that regional development of the country is still imbalanced. A few states are relatively more developed and many states are quite backward. So government has to increase its supervision in respective activities and put more efforts to minimize regional inequality from the country.

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