



ISSN: 0976-3376

Available Online at <http://www.journalajst.com>

ASIAN JOURNAL OF
SCIENCE AND TECHNOLOGY

Asian Journal of Science and Technology
Vol. 08, Issue, 08, pp.5195-5199, August, 2017

RESEARCH ARTICLE

INTER-STATE DISPARITIES: A CHALLENGE AHEAD TO INCLUSIVE GROWTH OF INDIA

*Mohammad Rafi, Shugufta Akhter and Kounser Iqbal

Department of Sociology, University of Kashmir, India

ARTICLE INFO

Article History:

Received 20th May, 2017
Received in revised form
02nd June, 2017
Accepted 14th July 2017
Published online 31st August, 2017

Key words:

Disparity,
Inclusive development,
HDI,
Education,
Health.

ABSTRACT

Since its independence, Indian states have experienced different degree and pace of economic growth, where some states are forerunner in terms of economic growth and some others languishing at the back. In India, regional disparity has been one of the major concerns before policy makers and planners. There had been a huge gap between active and vibrant regions and hinterland during pre-independence period in terms of accessibility of amenities and this has resulted in the form of unequal levels of development both in terms of economic and human. After independence, decrease in inter-state disparities has been emphasized during successive Five Year Plans, but the problem continued unabated. For instance, the World Bank (2006) in its reported entitled, "India-Inclusive Growth and Service Delivery: Building of India's Success" has observed sharp differentiation across states since the early 1990s reflects acceleration of growth in some states but declaration in others. The report further adds that more worryingly, growth failed to pick up in states such as Bihar, Orissa and U.P. that were initially poor to start with, with the result that the gap in performance between India's rich and poor states widened dramatically during the 1990s. The World Bank (2008) again in its recent release "The Growth Report Strategies for sustained Growth and Inclusive Development" has mentioned that disparity in income distribution in India has risen during 1993-2005. The Draft Eleventh Five Year Plan 2007-2012, vol. I), has also admitted that regional disparities have continued to grow and the gap have been accentuated as the benefits of economic growth have been largely confined to the better developed areas. When wealth captures government policymaking, the rules bend to favor the rich, often to the detriment of everyone else. The consequences include the erosion of democratic governance, the pulling apart of social cohesion, and the vanishing of equal opportunities for all. Unless bold political solutions are instituted to curb the influence of wealth on politics, governments will work for the interests of the rich, while economic and political inequalities continue to rise. As US Supreme Court Justice Louis Brandeis famously said, 'We may have democracy, or we may have wealth concentrated in the hands of the few, but we cannot have both.' The present study has been undertaken against this backdrop. In order to accomplished the task, inter-state disparity in total as well as per capita Indian states for the period 1980-2002 has been examined with the help of inequality indices. Widening gap in terms of income among rich and poor states, especially after 1991 has this is indeed an alarming situation and a potential threat for stability of a federation like India.

Copyright©2017, Mohammad Rafi et al. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

Regional disparities in the levels of development have once again ignited the debate on the existing inequalities between the developed and underdeveloped countries in general and between different regions within these countries in particular. In case of a developing country like India, it becomes more important to study these disparities as the new economic policies have further widened the gap between the rich and the poor states. The present study intends to analyze the patterns of the regional disparities in the levels of development in India. Among the various axes of inequality in India, regional disparities have acquired greater salience in recent times,

with demands being made for special status for certain states on this basis. Regional imbalance has been one of the major concerns before Indian policy makers and planners. There is a huge gap between active regions and hinterland. One of the greatest challenges in the development of Indian economy is widening regional income inequality. Since its independence, Indian states have experienced different degree and pace of economic growth, where some states are forerunner in terms of economic growth and some others languishing behind. However, the per capita income gap is a major source of worry. This regional disparity can create social unrest. After 1991 reforms, this gap widens further. Some of the Indian states showed the accelerated economic growth but some of the states are left far behind. This paper attempts to throw light on how along with income disparity, which is one of the major

*Corresponding author: Mohammad Rafi,
Department of Sociology, University of Kashmir, India.

characteristic features of Indian economy, there exists disparity in human development too. It is a matter of great concern. Hence the paper tries to locate the disparities found in income and human development in selected states of India.

Socio-economic profile of states and inter-state comparisons

India's planning process was initiated to reduce the regional imbalances and to achieve regional economic development. But, the measures taken under these plans have not gained much success. Economic reforms of 1980 and liberalization process in 1991 widened the regional differences. In the process of liberalization, the role of government in investment decisions is reduced. Now, private investment and foreign investment become more important for economic development. In the last two and half decades, it was witnessed that the flow of private investment reached such states where investors definitely earned more returns on their investments. The states that have better infrastructure facilities, adequate environment and better approach attracted the larger share of private investment. This leads to the income disparities between the regions. The per capita income differentials have been widening further. Private investments in the southern and western regions of India increase the employment opportunities in those regions. This leads to migration of labour force from eastern and northern regions of India. This internal migration depletes the skill in backward regions and it leads to further economical backwardness of that particular region. It also puts pressure on the developed regions to provide more employment and generate income. Apart from income disparity, disparity in human development is also one of the major characteristics of Indian economy. The backward regions of India are not only economically backward but also are facing the problem of illiteracy, infant/child mortality, maternal mortality and other social backwardness.

The states like Andhra Pradesh, Kerala, Maharashtra, Punjab etc. have per capita income above the national average. Bihar is a state which has the lowest per capita income. Sector wise contribution in State GDP (Average of 2001-2011) shows that Bihar growth rate of Gross State Domestic Product (GSDP) in industrial sector is 8.93% whereas that of Assam is 5.69%, Madhya Pradesh 5.68% and Uttar Pradesh just 6.4%. In forward states like Kerala, growth rate in industrial sector is 5.65%, in Maharashtra it is 12.48%. In Agriculture and allied sector, growth rate of GSDP (Average 2005 to 2013-14) of Bihar is 4.31%, Assam 3.65%, Madhya Pradesh 9.56%. In forward states like Maharashtra, the growth rate of GSD in agriculture sector is 5.16%, in Punjab it is 1.49%. Maharashtra, Kerala and Tamil Nadu have more share of non-agriculture in their GSDP. Similarly, growth rate of GSD in manufacturing sector of Bihar is 6.65%, Assam just 2.10% and Madhya Pradesh 7.80%. In forward states like Maharashtra, it is 7.93%, Punjab 9.78%, and Kerala 6.84%. Setting up of SEZs in port areas helps the states in achieving higher per capita income. Tourism and hospitality sector of Goa and Kerala contributed in their GSDP. Apart from this, Kerala receives the highest amount of remittance from non-residential Keralites. FDI inflow to low per capita income states is very negligible. As per 2010-2011, FDI inflow to Bihar is 0%, Uttar Pradesh 0.6%, and Madhya Pradesh 2%. In High per capita income states Maharashtra receives the highest amount of FDI, i.e. 31.4%, Gujarat 4%, Andhra Pradesh 6%, and Tamil Nadu

received 7% FDI. FDI contributes in employment creation and generation of income. Low FDI indicates lesser employment activity which further reflects on per capita income. The states like Andhra Pradesh, Karnataka develops the IT sector which contributed in the development of these states.

Human development disparities

Narrowing inter-state and inter-regional disparities is also one of the objectives of inclusive development. Inter-state comparisons of socio-economic development of selected major states based on available indicators from different sources shows one interesting results. Human capabilities and abilities are in any case not independent of income growth. Countries differ in terms of human development may have similar level of per capita income. India's per capita income is accelerating from last two decades, but India's progress in Human development is slow. If we compare per capita income of states with their human development index it shows that low per capita income state's human development index is also low. Health and education always contribute in the growth process. Low per capita income states experience high incidence of poverty, for e.g. Bihar 33.74%, Odisha 32.59%, Madhya Pradesh 31.65% etc. High per capita income states experience low incidence of poverty than low per capita income states, but still it is high e.g. Maharashtra 17.35%, Goa 5.09%, Kerala 7.05% etc. Apart from West Bengal and Karnataka all other low per capita income state have high infant mortality rate, which increases the Birth rate. It indicates that health services are not properly taken care of in this area. Life expectancy of these states is also less than national average life expectancy, i.e. 66. Apart from Karnataka and West Bengal, literacy rates of the remaining low per capita income states are less than the national average literacy rate which is 74%. HDI values of low income states are similar to low income group countries.

Population Related

- Biharh as the highest decadal (2001-11) growth rate of population (25.07percent), while Kerala has the lowest rate (4.86 per cent). Some big states like Gujarat, Haryana, Madhya Pradesh, Rajasthan, and Uttar Pradesh also have high decadal growth of population.
- In 2011, Kerala has the highest sex ratio with 1084 females per 1000 males, followed by Tamil Nadu (995), while Haryana is at the bottom (877). Interestingly, the sex-ratios in some of the developed states like Gujarat and Maharashtra are also low at 918 and 925 respectively.

Growth Related

- The best performers in terms of growth during 2011-12 are Bihar (16.71percent) followed by Madhya Pradesh and Maharashtra. The growth of these states is much above the all India average. The worst performers are Rajasthan (5.41 per cent) followed by Punjab and Uttar Pradesh. States with the highest growth rate for the period 2005-6to2011-12 are Bihar (10.17 percent) followed by Gujarat and Maharashtra.
- In terms of growth in per capita income, the best performer is Bihar (15.44 percent) followed by Madhya Pradesh and Maharashtra due to high growth in gross

Table 1. State-wise percapita income at current prices (Rupees)

Sr. No	State	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2003-04	2004-05	2005-06	2006-07
Low percapita income states											
1	Bihar	6197	6928	6913	7467	7875	9967	11051	13728	15548	18928
2	Uttar Pradesh	9781	10431	11250	11941	13262	16013	17785	20422	23661	26903
3	Odisha	11075	11788	14252	16303	NA	22237	27735	31416	34361	40412
4	Madhya Pradesh	12697	12303	14306	14534	15647	19028	20935	25278	28712	32253
5	Assam	13153	14600	15687	16825	18598	19737	21290	24099	27464	30569
6	Rajasthan	14165	13126	16704	16800	17886	24055	26882	31279	34982	42434
7	Karnataka	17776	19041	20515	24199	27291	35981	42419	48084	51386	59957
8	West Bengal	17826	18746	20806	22522	25223	27823	31567	31279	41045	47738
High percapita income states											
9	Andhra Pradesh	18630	19568	22041	23729	26211	33135	39727	46345	52814	62912
10	Gujarat	19823	22683	26922	29468	34157	43395	50016	55068	63549	75115
11	Tamil Nadu	20924	21813	24106	27137	29958	42288	47606	54137	64336	75449
12	Kerala	21047	23207	25645	27864	30668	40419	45700	53046	60264	71434
13	Maharashtra	24450	26697	29770	32979	37081	49831	57760	62234	71300	87686
14	Himachal Pradesh	24608	26627	28333	31140	33805	40393	43966	49903	58798	68020
15	Haryana	26077	28259	31509	35044	38832	49261	56916	67388	82024	94464
16	Punjab	28949	29316	31128	33158	36758	41883	49380	55313	61894	68998
17	Goa	44110	48839	54577	66135	70112	94882	108708	135966	149164	159244

Source: <http://indiabudget.nic.in/es2012-13/estat1.pdf>**Table 2. Human Development Indicators**

Sr. No	State	Life Expectancy	Infant Mortality	Literacy	Birth Rate	Death Rate	HDI
Low percapita income states							
1	Bihar	65.8	44	63.82	27.7	6.7	0.367
2	Uttar Pradesh	62.7	57	69.72	27.8	7.9	0.38
3	Odisha	63	57	73.45	20.1	8.5	0.362
4	Madhya Pradesh	62.4	59	70.63	26.9	8.2	0.375
5	Assam	61.9	55	73.18	22.8	8	0.444
6	Rajasthan	66.5	52	67.06	26.6	6.7	0.434
7	Karnataka	67.2	35	75.6	18.8	7.1	0.519
8	West Bengal	69	32	77.08	16.03	6.2	0.492
High percapita income states							
9	Andhra Pradesh	65.8	43		17.5	7.5	0.473
10	Gujarat	66.8	41	79.31	21.3	6.7	0.527
11	Tamil Nadu	68.9	22	80.33	15.9	7.4	0.57
12	Kerala	74.2	12	93.91	15.2	7	0.79
13	Maharashtra	69.9	25	82.91	16.7	6.3	0.572
14	Himachal Pradesh	NA	38	83.78	NA	NA	0.652
15	Haryana	67	44	76.64	21.8	38832	0.552
16	Punjab	69.3	30	76.68	16.2	6.8	0.605
17	Goa	NA	11	87.4	NA	NA	0.617

Source: <http://indiabudget.nic.in/es2012-13/estat1.pdf>**Table 3. EducationRelated2010-11**

State	GER(6-13years)	Pupil-Teacher Ratio (Primary/Jr. Basic School)	Pupil-Teacher Ratio (Middle/Sr. Basic School)
AndhraPradesh	92	31	25
Assam	84	28	21
Bihar	102.9	76	51
Gujrat	107.2	NA	35
Haryana	90.5	51	38
Himachal Pradesh	111	15	14
Karnataka	99.3	11	27
Kerala	96.2	23	25
Madhya Pradesh	122.6	38	39
Maharashtra	100	29	32
Odisha	104.8	33	26
Punjab	103.1	26	15
Rajisthan	99.3	46	26
Tamilnadu	112	27	32
Utter Pradesh	109.5	79	69
West Bengal	90.1	45	49
All India	104.3	43	33

Source: M/OHRD

Table 4.

State	24*7 PHC under NRHM Source: M/OHRD	Average person days per Household under MG NREGA2011-12 Source: DMU/MPR of M/ORD;	Percentage Share of Women in Employment under MGNREGA 2011-12 (%) Source: DMU/MPR of M/ORD;	(IAY) Houses constructed during 2011-1 Source: DMU/MPR of M/ORD; 2(Nos.)	Percentage share of total houses constructed during 2011-12 under IAY (%)
AndhraPradesh	1183	58	57.79	24903	10.08
Assam	548	26	24.87	143770	5.82
Bihar	612	38	28.82	469885	19.01
Gujrat	437	38	46.54	111999	4.53
Haryana	407	39	36.44	17282	0.70
Himachal Pradesh	156	53	59.48	6019	0.24
Karnataka	1332	42	45.71	26965	1.09
Kerala	660	45	92.76	54499	2.21
Madhya Pradesh	651	43	42.48	98447	3.98
Maharashtra	645	50	45.95	141479	5.72
Odisha	394	33	38.60	141398	5.72
Punjab	407	26	43.17	16622	0.67
Rajasthan	1500	47	69.20	125642	5.08
Tamilnadu	1844	48	73.36	91631	3.71
Utter Pradesh	903	36	16.98	307012	12.42
West Bengal	596	27	32.64	186224	7.54
All India	13835	43	47.98	2471421	100.00

state domestic product (GSDP) in 2011-12 and despite their high decadal growth in population. Per capita income growth is the lowest in Rajasthan (3.72percent), followed by Uttar Pradesh, Punjab, and Odisha which are all below the all India per capitain come growth.

This may be due to the higher level of education in Kerala resulting in people not opting for manual jobs as observed by some studies.

Poverty

- The poverty estimates indicate that the highest poverty headcount ratio (HCR) exists in Bihar at 53.5 percent as against the national average of 29.8 percent. In 2009-10 compared to 2004-5, Bihar has displaced Odisha as the poorest state, with Odisha's situation improving considerably in 2009-10. Lowest poverty is in Himachal Pradesh (9.5 per cent) followed by Kerala (12 percent).

Rural-Urban Disparity

- Bihar as the lowest MPCE both in rural and urban areas at 780 (with 65 percent food share) and 1238 (with 53 percent food share) respectively. In comparison, Kerala has the highest in both rural and urban areas at 1835 (with 46 percent food share) and 2413 (with 40 percent food share) respectively. It is obvious that poorer states spend a greater proportion of income on food in total consumption expenditure.

Unemployment

- As per usual status (adjusted) NSS 66 through 2009-10, the unemployment rate (per 1000) among the major states is the lowest in Gujarat (18) and highest in Kerala (73) and Bihar (73) in urban areas and the lowest in Rajasthan (4) and again highest in Kerala (75) in rural areas. The low unemployment rate in rural areas in Rajasthan may partly be due to high absorption of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) funds in the state. Kerala, which has performed well in terms of most indicators, performs less well in terms of unemployment (both rural and urban).

Health

- Kerala is the best performer in terms of life expectancy at birth for both males (71.5 years) and females (76.9 years) where as Assam is the worst performer for both males (61 years) and females (63.2 years) during 2006-10. Infant mortality rate (IMR) in 2011 is the lowest in Kerala (12) and highest in Madhya Pradesh (59) against the national average of 44. Birth rate is lowest in Kerala (15.2) and highest in Uttar Pradesh (27.8) against the national average of 21.8. Death rate is lowest in West Bengal (6.2) and highest in Odisha (8.5) against the national average of 7.1.

Education

- Madhya Pradesh has the highest gross enrolment ratio (GER) (6-13 years) in 2010-11 while Assam has the lowest. Pupil-teacher ratios in primary and middle/basic schools are the lowest in Himachal Pradesh and high in states like Uttar Pradesh and Bihar. The following tables reflect the interstate disparities.

Financial Inclusion

- In terms of decadal growth rate in bank branches, Haryana (59.5 percent) has the highest growth and Bihar the lowest (14.4 per cent). Even a north-eastern state like Assam (16.5 percent) is better placed than Bihar. Himachal Pradesh (89.1 per cent) has the highest percentage households availing of banking services while Assam (44.1 percent) is the lowest followed by Bihar (44.4 percent). Thus in terms of both these financial inclusion indicators, Bihar's performance is among the worst.

Key Social- sector Programmes

While there are state-wise indicators for some social-sector

programmes, it is not possible to evaluate the performance of states based just on numbers. The average person days per household under the MGNREGA in 2011-12 is the highest in Andhra Pradesh (58 days) followed by Himachal Pradesh (53 days) and lowest in Assam and Punjab (both 26 days) against the national average of 43 days. While the share of women's employment under the MGNREGA is the highest in Kerala (92.76 percent) followed by Tamil Nadu (73.36 percent), it is the lowest in Uttar Pradesh (16.98 per cent). While the stipulation of one-third women's participation has been maintained at the all India level, in states like Uttar Pradesh, Assam, and Bihar, it has been below the stipulated level, as shown in table 4. Progress in terms of 24x7 primary health centers (PHCs), additional PHCs, CHCs and other sub-districts health facilities under the NRHM is the highest in Tamil Nadu and lowest in Himachal Pradesh. Under the Indira Awas Yojana (IAY), Bihar has the highest share followed by Uttar Pradesh and Andhra Pradesh where as Himachal Pradesh has the lowest, as seen in following table.

Conclusion:

The interstate disparity in economic and other fronts has created a rift between the well-off states and excluded states which has led to the sense of feeling of deprivation and social stigma to the citizens of these backward states. This stigmatization of being a citizen of poor, backward and excluded state has led to the feeling of secession and rebellion which is reflected in the insurgency of Maoists or Naxalists in such states, which in no way is good for the integrity of India. Thus the inter-state comparison of performance of states based on different indicators shows that while some states have performed, they have performed poorly in terms of other indicators like poverty, rural-urban disparity, unemployment, education, health and financial inclusion. This calls for are think on the criteria used for devolution of funds to states under Finance Commissions where criteria like income distance or fiscal capacity distance along with population are given high weight age and none of the human development indicators or financial inclusion indicators is used. Similarly the criteria used for awarding special category status to states (hilly and difficult terrain, low population density and/ or sizeable are of tribal population, strategic location along borders with neighboring countries, economic and infrastructural backwardness, and non-viable nature of state finances) need to be revisited.

REFERENCES

Adabar, K. 2004. Economic Growth and Convergence in India, Working Paper: Institute for Social and Economic Change, Nagabhavi, India.

Bandyopadhyay, S. 2011. Rich States, Poor States: Convergence and Polarization in India,

Cashin, P. and R. Sahay, 1996. Regional Economic Growth and Convergence in India, *Finance and Development*, 33(1), pp. 49-52.

Chikte, R.P. 2011. Income Convergence and Regional Growth in India: Before and After Liberalisation, *South Asia Economic Journal*, 12(2), pp. 239-269.

Dixon, R.J. and A.P. Thirlwall, 1975. A Model of Regional Growth Rate Differences on Kaldorian Lines, *Oxford Economic Papers*, 27(2), pp. 201-214.

Dreze, J. and A.K. Sen, 2013. An Uncertain Glory: India and Its Contradictions (London: Allen Lane).

Ghosh, B., S. Marjit and C. Neogi, 1998. Economic Growth and Regional Divergence in India, 1960 to 1995, *Economic and Political Weekly*, 33(26), pp. 1623-1630.

Ghosh, M. 2010. Regional Economic Growth and Inequality in India During Pre- and Post- Reform Periods, *The Journal of Income and Wealth*, 32(2), pp. 71-88.

Interstate Disparities in India, *Economic and Political Weekly*, 35(27), pp. 2413-2422.

Kaldor, N. 1970. The Case for Regional Policies, *Scottish Journal of Political Economy*, 17(3), pp. 337-348. Reprinted in *Scottish Journal of Political Economy*, November, 2013 with Commentary by A.P. Thirlwall.

Krugman, P. 1991. *Geography and Trade* (Cambridge MA: MIT Press).

Krugman, P. 1995. *Geography, Development and Economic Theory*, (Cambridge, MA: MIT Press).

Kumar, U. and A. Subramanian, 2012. Growth in India's States in the First Decade of the Twentieth Century: Four Facts, *Economic and Political Weekly*, 47(3), pp. 48-57.

Levine, R. and D. Renelt, 1992. A Sensitivity Analysis of Cross-Country Growth Regressions, *American Economic Review*, 82(4), pp. 942-963.

Lucas, R. 1988. On the Mechanics of Economic Development, *Journal of Monetary Economics*, 22, pp. 3-42.

Myrdal, G. 1957. *Economic Theory and Underdeveloped Regions* (London: Duckworth).

Nagaraj, R., A. Varoudakis and M. Vegazones, 1998. Long Run Growth Trends and Convergence Across Indian States, Working Paper No.131, OECD Development Centre, Paris.

Nayyar, G. 2008. Economic Growth and Regional Inequality in India, *Economic and Political Weekly*, 43(6), pp. 58-76.

Romer, P. 1986. Increasing Returns and Long Run Growth, *Journal of Political Economy*, 94, pp. 1002-1037.

Sachs, J., N. Bajpai and A. Ramiah, 2002. Understanding Regional Economic Growth in India, *Asian Economic Papers*, 1(3), pp. 32-62.

Samuelson, P. 1948. International Trade and the Equalisation of Factor Prices, *Economic Journal*, 58, pp. 163-184.

Scottish Journal of Political Economy, 58(3), pp. 414-436.

Simon, J. 1996. *The Ultimate Resource 2* (Princeton NJ: Princeton University Press).

Solow, R. 1956. A Contribution to the Theory of Economic Growth, *Quarterly Journal of Economics*, 70(1), pp. 65-94.

Thirlwall, A.P. 1980. Regional Problems are Balance of Payments Problems, *Regional Studies*, 4, pp. 419-425. Reprinted in *Regional Studies*, 41(S1), pp. S89-S96.

Thirlwall, A.P. 2013. Economic Growth in an Open Developing Economy: The Role of Structure and Demand (Cheltenham: Edward Elgar).

Toner, P. 1999. *Main Currents in Cumulative Causation*, (London: Macmillan).