



AN ECONOMIC ANALYSIS OF INTER STATE DISPARITIES IN INDIA

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ABSTRACT

India is a large federal nation and it is well known that there are widespread disparities in the levels of economic and social development between the different states of the Indian nation. It is generally recognized that inter regional economic disparities increases at least in the initial stages of national economic development. Regional imbalances in a country may be natural due to unequal distribution of natural resources and or man-made in the sense of neglect of some regions and preference for others for investment and infrastructural facilities. India's successive five year plans have stressed the need to develop backward regions of the country. This article studies the level of disparities across different states of India with the help of various economic and non economic factors. The study has brought out that huge disparities exist among the states which have accentuated over a period of time. In order to find out the magnitude of interstate disparities, all the Indian states and union territories for the period 2001 and 2011 have been examined. An attempt was also made to trace the causes and indicators of interstate disparities in India. Disparity is a social stigma and it must be nipped in the bud if sustained economic growth is to be realized.

KEY WORDS: Disparity, Gross State Domestic Product, Net State Domestic Product.

INTRODUCTION

Regional disparities or imbalance is meant wide difference in per capita income, literacy rates, availability of health and educational services, levels of industrialization etc between different regions or states. In this regard in India there are enormous imbalance on various accounts. India is a large federal nation and it is well known that there are widespread disparities in the levels of economic and social development between the different states of the

Indian nation. It is generally recognized that inter regional economic disparities increases at least in the initial stages of national economic development. As a result, governments everywhere including India used to initiate deliberate policy measures to reduce these disparities.

Regional imbalances in a country may be natural due to unequal distribution of natural resources and or man-made in the sense of neglect of some



regions and preference for others for investment and infrastructural facilities. India's successive five year plans have stressed the need to develop backward regions of the country. However, the remarkable characteristics of regional disparities in India is the presence of backward areas even within states that have grown faster and are at relatively high income levels on average. Following are the important objectives of the study is to analyse the causes of inter - state disparities in India, to identify the major indicators of inter- state disparity and to find out the disparity ratio of economic and non economic factors in economic development.

METHODOLOGY OF THE STUDY

This article is based on secondary data. The information relates to causes and indicators of interstate disparities in India and disparity ratios of economic and non economic variables are obtained from the relevant reports. The secondary data was collected from periodicals, journals, The Economics of Development and Planning Report, Human Development Report 2011 and Census of India 2011.

Sanchita Bakshi, Arunish Chawla and Mihir Shah (2015) states that 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 backwardness in India is a moving frontier with the most intense form of poverty and deprivation getting increasingly concentrated within enclaves of backwardness, especially those inhabited by adivasi communities.

According to Susheel Kumar (2015) the main theme of the twelfth five year plan is faster sustainable and more inclusive growth, but the regional disparities have broadened significantly in the recent decades, and there is weak evidence of convergence. Regional disparities in the Gross State Domestic Product have widened much more significantly, but there is weak evidence of conditional convergence controlling for some variables as an inverse relationship was found between average state expenditure of GSDP and per capita growth. The seven states experienced a degree of convergence in the per capita GSDP during the period from 1999-2000. But during the 2010-11 period divergence was also found to have increased continuously in these states.

CAUSES RESPONSIBLE FOR INTER STATE DISPARITIES IN INDIA

The first objective is to find out the causes responsible for Interstate Disparities in India. Regional disparities as existing in a country like India are mostly influenced by variety of factors. It would be better to analyse some of these important causes responsible for regional imbalances in the following manners.

Geographical Factors:-

Geographical factors plays an important role in the developmental activities of a developing economy. The difficult terrain surrounded by hills, rivers, and dense forests leads to increase in the cost of administration, cost of developmental projects, besides making mobilization of resources particularly difficult. Adverse climate and flood are also responsible factors for poor rate of economic development of different states of the country as reflected by low agricultural productivity and lack of industrialization. Thus this natural factors have resulted un even growth of different states of India.

Locational Advantages:-

Locational advantages plays an important role in determining the development strategy of a region. Due to some locational advantages, some regions are getting special favour in respect of site selection of various developmental projects. While determining the location of iron and steel projects or refineries or any heavy industrial projects, some technical factors included in the locational advantage are getting special considerations. Thus regional imbalances arise due to such locational advantages attached to some regions and the locational disadvantages attached to some other backward regions.

In adequacy of Economic Overheads:-

Economic overheads like transport and communication facilities, power, technology, banking and insurance are considered very important for the development of a particular region. Due to inadequacy of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects where as due to inadequacy of such economic overheads, some regions of the country viz, North - Eastern regions Himachal Pradesh and Bihar remained much backward as compared to other developed regions of the country.

Failure of Planning Mechanism:-

Although balanced growth has accepted as one of the major objectives of economic planning in India since the second plan onwards but it did not make much headway in achieving this object. Rather in real sense planning mechanisms has enlarged the disparity between the developed states and less developed states of the country. In respect of allocating plan outlay relatively developed states get much favour than less developed states. Due to such divergent trend, imbalances between the different states in India has been continuously widening, inspite of framing achievement of regional balance as one of the important objectives of economic planning in the country.

INDICATORS OF INTER STATE DISPARITIES IN INDIA

The second objective is to find out the major indicators of Interstate Disparities in India. India is facing the problem of acute regional imbalances and the indicators of such imbalances are mentioned below

State per capita Income as an Indicator of Regional Disparities:-

The most important indicator of regional imbalance and disparity among the different states of India is the differences in state per capita income figures. Goa has highest Net State Domestic Product (NSDP) per capita among 32 Indian states and union territories. NSDP per capita of Goa is estimated at 224,138 Indian rupees in 2013-14 at current prices. Ranking of Delhi is two with per capita income of Rs. 212,219. Sikkim is at third, Chandigarh is at fifth and Puducherry is fifth richest economy of India.

In top four and five states or union territories has population less than 1.5 million. And top six richest Indian states or union territories has less than 3 crores, Maharashtra and Tamil Nadu is at seventh and eighth position respectively. Gujarat is at 9th position with per capita income of Rs. 106,831. Out of 32 states and union territories 20 have higher GDP per capita than India's average Rs. 74,380 in year 2013-14. Bihar, Uttar Pradesh, Manipur, Assam and Jharkhand are the top five poorest state in terms of per capita income in the years 2013-14 and 2014-15. These five states have net state domestic product per capita income of Goa is 3.01 times more than India's average and 7.18 times more than poorest state Bihar. GDP per capita of Bihar is Rs. 31,199 for year 2013-14 and 36,143 for 2014-15.

Inter-State Disparities in Agricultural and Industrial Development:-

An important indicator of regional disparities is the differences in the levels of agricultural and industrial development between different states of the country. In India, states like Punjab, Haryana and part of Uttar Pradesh had recorded a high rate agricultural productivity due to its high proportions of irrigated areas and higher level of fertilizer use.

Spatial Distribution of Industries:-

An important indicator of regional imbalance is the uneven pattern of industries. Since independence, states like Karnataka, Andhra Pradesh, Kerala, Gujarat, Punjab and Haryana have achieved considerable development in its industrial sector. But West Bengal could not keep pace in its industrial growth as much as other industrially developed states. In this way disparities in industrial growth between different states have been reduced to some extent. One more thing that is to be noticed is that as the country as a whole has achieved industrial development between different states remained almost uneven.

Table. 1 Disparity Level of States in India

2001 census					2011 census			
Sl no	State & Union territories	Literacy Rate	Density of population	Sex Ratio	State & union territories	Literacy Rate	Density of population	Sex Ratio
1	Uttar Pradesh	56.27	689	898	Uttar Pradesh	69.72	828	908
2	Maharashtra	76.88	314	922	Maharashtra	83.91	365	946
3	Bihar	47.00	880	921	Bihar	63.82	1102	916
4	West Bengal	68.64	904	934	West Bengal	77.08	1029	947
5	Andhra Pradesh	66.64	275	978	Andhra Pradesh	75.60	308	992
6	Madhya Pradesh	63.74	196	920	Madhya Pradesh	70.63	236	930
7	Tamil Nadu	73.45	478	986	Tamil Nadu	80.33	555	995
8	Rajasthan	60.41	165	920	Rajasthan	67.06	201	926
9	Karnataka	60.47	275	963	Karnataka	67.66	319	968
10	Gujarat	69.14	258	921	Gujarat	79.31	308	918
11	Orissa	63.08	236	972	Orissa	73.45	269	978
12	Kerala	90.86	819	1058	Kerala	93.91	859	1,084
13	Jharkhand	53.56	338	941	Jharkhand	67.63	414	947
14	Assam	63.25	340	932	Assam	73.18	397	954
15	Punjab	69.65	482	874	Punjab	76.68	550	893
16	Haryana	67.91	477	861	Haryana	76.64	573	877
17	Chhattisgarh	64.66	154	990	Chhattisgarh	71.04	189	991
18	Jammu and Kashmir	55.52	99	900	Jammu and Kashmir	68.74	56	883
19	Uttarakhand	71.62	159	964	Uttarakhand	79.63	189	963
20	Himachal Pradesh	76.48	109	970	Himachal Pradesh	83.78	123	974
21	Tripura	73.19	304	950	Tripura	87.75	350	961
22	Meghalaya	62.56	103	975	Meghalaya	75.48	132	986
23	Manipur	69.93	107	978	Manipur	79.85	122	987
24	Nagaland	66.59	120	909	Nagaland	80.11	119	931
25	Goa	82.01	363	960	Goa	87.40	394	968
26	Arunachal Pradesh	54.34	13	901	Arunachal Pradesh	66.95	17	920
27	Mizoram	88.80	42	938	Mizoram	91.58	52	975
28	Sikkim	68.81	76	875	Sikkim	82.20	86	889
29	Delhi	81.67	9294	821	Delhi	86.34	9,340	866
30	Pondicherry	81.24	2029	1001	Pondicherry	86.55	2,598	1,038
31	Chandigarh	81.94	7903	777	Chandigarh	86.43	9,252	818
32	Andaman and Nicobar Islands	81.30	43	846	Andaman and Nicobar Islands	86.27	46	878
33	Dadra and Nagar Haveli	57.63	449	812	Dadra and Nagar Haveli	77.65	698	775
34	Daman and Diu	78.18	1411	710	Daman and Diu	87.07	2,169	618
35	Lakshadweep	86.66	1894	947	Lakshadweep	92.28	2,013	946
	India	64.83	324	933	India	74.04	382	940

Source: Census of India 2001 and 2011.

The above figure clearly shows the disparity level between states of India in important variables like education, density of population and sex ratio for the period 2001 and 2011. In the table Kerala maintained its first position in literacy rate in both periods with 90.86 per cent and 93.91 per cent. In 2001 and 2011 census Bihar maintained the lowest position of education with 47.00 per cent and 63.82 per cent respectively. In the case of density of population, it is found that Delhi was the only state in India where the density of population was very high with 9294 person per square kilometer in 2001 census and 9340 person per square kilometer in 2011. In the sex ratio level, Kerala and Pondicherry were the only two states having higher sex ratio during the years 2001 and 2011.

FINDINGS OF THE STUDY

According to 2001 and 2011 census, Kerala maintained its first position in the education with 90.86 and 93.91 per cent. This is in sharp contrast to India's literacy of 64.83 per cent and 74.04 per cent in the year 2001 and 2011 respectively. In 2001 and 2011 census, Kerala and Pondicherry were the only two region where the number of females exceeded the number of males. The sex ratio for Kerala and Pondicherry for both periods were 1058, 1084 and 1001, 1038 respectively. Daman & Diu (UT) has the lowest sex ratio in 2001 and 2011 census. In the case of density of population, as per 2011 census, the average of population in India was 382 persons per square kilometer as against 324 persons in 2001 census. All the states and union territories have recorded an increase in the density of population in varying

degrees. It is found that Delhi was the only state in India where the density of population was very high with 9294 persons per square kilometers according to 2001 census. According to 2011 census, Delhi's density of population increased to 9340 persons per square kilometer.

CONCLUSION

For sustained economic growth, it is necessary that fruits of development are showed by all sections of society. When national income is not equitably distributed, people might not extend co-operation for the gigantic task of economic development. Cairncross has rightly observed, "Development is impossible, if it does not take place in the minds of men". Disparity is a social stigma and it must be nipped in the bud if sustained economic growth is to be realized.

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