

## Regional disparity in India

Kusam rani

Assistant Professor, Department of Economics, S.D. (PG) College, Panipat, India

### Abstract

Regional Disparity is a major economic issue in India. Had the benefit of economic growth been reaped equally by all the regions of the country the demand for new states and other regional conflicts might have been non-existent here. Hence a big thrust for inclusive growth has remained a cherish goal of our policy planner. Regionalism in Indian polity has deprived the inaccessible and mountain dominated region of the country from the various amenities of life which are enjoyed by the people of plain region. Geographically, the forward group of States fall in the Western and Southern parts of the country. The group of backward States are in the Eastern and Northern parts of the country. Another notable geographical feature is that while six out of eight States, except Haryana and Punjab, in the first group have vast sea coasts, only two out of the seven in the second group viz., Orissa and West Bengal are littoral. These relatively forward states have taken the benefit of their geographical position and international trade has benefitted them. While the forward group of States accounts for about 42 per cent of the national population, the backward group accounts for as much as 54 per cent of the population of the country. In terms of natural resources including mineral wealth, water resources and quality of soil, the latter has definite edge over the former but remain themselves hi and dry from enjoying the benefits.

**Keywords:** Regional, Imbalances, States, Economic

### Introduction

INDIA is a vast plural country, full of diversities of religions, castes, languages, tribes, cultures, etc. A number of cultural and linguistic groups are concentrated in certain territorial segments, to which they are attached, emotionally, 'Unity in diversity' is a fundamental characteristic of India. By regional disparities or imbalances is meant wide differences in per capita income, literacy rates, availability of health and education services, levels of industrialization, etc. between different regions. The growth pattern of Indian Economy has reflected in various dimensions of social, economic, political, geographical, religious, cultural and linguistic diversities. Reasons for Disparity Natural Resources, Manmade / Historical Reasons Government Polices / Planning/ Economic Liberalization etc. Disparity in other parameters Intra-state disparity. During colonial rule the administration was interested in economic exploitation of the country and not in its development; it encouraged various divisions based on religion, region, caste and language and did not pursue any plan or strategy for a balanced development of the country. These resulted in regional imbalances and group identities. Subsequently, the independent India saw the rise of regionalism, linguist, separatism, etc. Economic disparity is easily visible in the country by the fact that 40-50% of the populations in Bihar and Orissa live below the poverty line while states such as Delhi and Punjab exhibit very low poverty ratios. There are in total 7 states of India which are lagging behind in the race of economic growth namely. Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, and Uttar Pradesh.

Annual growth rates of different states between 1999 and 2008 strongly reveals economic disparities in the country as per the data Gujarat (8.8%), Haryana (8.7%), or Delhi (7.4%) were much ahead in the race as compared to Bihar (5.1%),

Uttar Pradesh (4.4%), or Madhya Pradesh (3.5%).

Rural Orissa (43%) and rural Bihar (40%) stands in the list of states with the poorest growth rates in the world while rural areas of other states of the same country India, lies well among the middle-income countries as rural Haryana (5.7%) and rural Punjab (2.4%). Though the Indian Govt. is constantly trying to improve the economic status of different states by implying different policies and programs yet the issue is of major concern. The five-year plans introduced by the Indian Govt. have proved to be useful in reducing regional disparities. 5 years plan emphasized on encouraging industrial development in the interior regions, but industries still tend to concentrate around urban areas and port cities while on other hand, union and state governments of backward regions are putting their efforts to bring the country under the state of economic equality rather than economic disparity. Government is trying to reduce the disparities by offering tax holidays, cheap land, among others, and concentrating on sectors like tourism, which can boost the state's economy.

### Indicators of regional disparity

India is facing the problem of acute regional imbalances and the indicators of such imbalances are reflected by the factors like per capita income, the proportion of population living below the poverty line, the percentage of urban population of total population, percentage of working population engaged in agriculture, the percentage of workers engaged in industries, infra-structural development etc. A region may be known as economically backward as it is indicated by the symptoms like excessive pressure of population on land, too much dependence on agriculture, high incidence of rural employment and high degree of under-employment, low productivity in agriculture and cottage industry, under urbanisation, absence of basic infra-structural facilities etc.

**Income and Wealth Disparity**

Income distribution sufficiently unequal even in the pre-independence period but it became more unequal during the plan period after independence. 50% of the total national income goes to the hands of only 20% of the total population and rest 80% of the total population has to depend on the remaining 50% part of total national income. Income inequality can explain with below table.

%Share of household Expenditure By percentile Groups of Households

%Groups of households	1989-90	2004-05
Lowest 20%	8.8	8.1
Second quintile	12.5	11.3
Third quintile	16.2	14.9
Fourth quintile	21.3	20.4
Highest 20%	41.3	45.3
Highest 10%	27.1	31.1

The table show that the share of the highest 20% population rose steeply from 41.3% in 1989-90 to 45.3% in 2004-05 while the share of the bottom 20% declined from 8.8% to 8.1%. The ratio of the expenditure share of richest 10% to that of the poorest 10% of the population in 2004-05 was as high as 8.6 while Gini index was 36.8. As regards to the distribution of wealth upper 10% of the households own 57% of the total built-up property whence only 43% of the total build-up property is distributed among 90% of the households. Similarly, 72% of the total farming families are marginal farmers and own only 10% of the total agricultural land while 28% of the farming families possess 73% of the total land. The lower strata poor majority is trapped in the problem of arranging bellyful bread while the upper strata rich minority is lacking the heads of expenditure to cover their large incomes.

**State per Capital Income**

Difference in per capita state income is an indicator of regional imbalance and disparity among the different states of India. In 2000-01, the national average per capita income in India was Rs. 10,254. The states whose per capita income figures were higher than this national average include Punjab, Goa, Haryana, Maharashtra, Gujarat, Karnataka, Tamil Nadu and Kerala. Among these nine states, Punjab, Haryana, Maharashtra and Gujarat have attained a high degree of agricultural as well as industrial development. Although West Bengal and Karnataka attained per capita income higher than the all India average in 1994-95 but it started trailing behind the all India average in recent years due to its poor rate of economic growth. In 2004-05, the per capita income of Bihar at the Bottom (at current prices) was only Rs. 5,772 as compared to that of Rs. 53,976 of Delhi at the top showing the ratio between the two lowest and highest figures at 1: 9.35. This again proves how the income disparity among the major Indian states is widening gradually with the passage of time.

**Population below Poverty Line**

Percentage of population living below the poverty line in different states is another important indicator of regional imbalance or disparities. Population living below the poverty line for the whole country was 21 per cent in 2011 and there

were 12 states whose percentage of population living below the poverty line have exceeded this all-India average. Bihar, Orissa, Madhya Pradesh and Uttar Pradesh are the four states which have the highest percentage of population below the poverty line as well as they have the lowest per capita income in the country.

**Sectoral Development Disparity**

Instead of starting from the very beginning and covering the right locus of economic development India, being enticed and allured by the surprisingly fascinating fruits of heavy industrialization, started its efforts but having longed for being developed and grabbing fruits thereof in a haste. Thus India lost sequences in its development path. Thus agriculture, the spine of Indian economy, was ignored. Thereby agricultural development and the development of agriculture based small and cottage industries lagged far behind the development of heavy industries., during industrial development both the private and the public sector were aimed at to be developed simultaneously for healthy competition to save the general public from being exploited by the profit motivated private producers. But the corruption prevailing in public sector and the manipulations by the private producers the public sector industries sustained heavy losses whereby a large number of these industries became auctioned to private hands and that too under some political. The remaining ones also are running with old technology without renovation. Thus the private sector became more developed and flourished in comparison to the public sector.

**Inter-State Disparities in Agricultural and Industrial Development**

Another 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 proportion of irrigated areas and higher level of fertilizer use.

Growth rate of net state in domestic production.

State	2004-05 to 2013-14
Haryana	8.4
Punjab	6.4
Kerala	8.2
Assam	5.7
Orissa	5.7

Table shows that growth rate of SDP is 8.4 in Haryana is greater than 5.7of Assam and Orissa.

Before independence, West Bengal and Maharashtra were the two most industrialized states of India. But after independence Gujarat, Punjab and Tamil Nadu have developed the industrial sector considerably by developing industrial units of all different sizes. On the other hand, states like Assam. Bihar, Orissa and Uttar Pradesh have been lagging behind in respect of the pace of industrialization. Taking Western region and West Bengal together, their combined share was 59.25 per cent of total productive capital. 63.03 per cent of total persons employed, 60.41 per cent of gross ex-factory value of output and 63.95 per cent of value added by manufacturing sector of the country.

### Education Disparity

In remote rural areas there is widespread poverty and approximately 80% of the families are living in acute privation. In the upper strata of these families family income is too low to pay either for education in the low standard rural institutes or for good quality education in the well-equipped urban institutes. Moreover, in the lower strata of these families a child becomes earning hand by working as child labour at the age of seven or eight years. The sentiments and feelings about education or future welfare of the child droop before the agony of unsatisfied basic needs due to privation. Therefore, a child in these terribly poor families is proved an asset rather than liability, in its stead. Therefore, in widespread remote areas children either have no access to education or they get substandard education in the government aided and under-equipped rural institutes affiliated to state level boards or un-reputed university. On the other hand, the children of rural and urban prosperous minority are getting good quality education in well-equipped urban institutes being either university or affiliated to C. B. S. E. Or I. C. S. E. or some reputed university.

### Intra-State Imbalance

Intra-state imbalance is another important indicator of regional imbalance existing within each particular state. There is a growing tendency among most of the advanced states to concentrate its developmental activities towards relatively more developed, urban and metropolitan areas of the states while allocating its industrial and infra-structural projects. As for example, in West Bengal, about 70 per cent of its new industrial concentration was located in the Hoogly district. Similarly, about 86 per cent of registered factories in Maharashtra were mostly concentrated in a few urban areas, leaving the other potential areas untouched. In Punjab such concentration of industries in a few urban areas is as high as 96 per cent. Therefore, a huge proportion of small scale industrial units are gradually being located in relatively more advanced districts having better infra-structural facilities and comparatively more urbanized. Thus a high degree of intra-state imbalances or disparities exists within almost all the states of the country.

### Degree of Urbanisation

In respect of urbanisation, the percentage of urban population to total population is an important indicator. The all-India average of such percentage of urban population stands at 31 per cent in 2011. The states which are maintaining higher percentage of urban population than the national average include Maharashtra, Tamil Nadu and Gujarat and then followed by Karnataka, Punjab, Andhra Pradesh and West Bengal. Whereas, the states which are having a lower degree of urbanisation include Himachal Pradesh, Assam, Bihar, Orissa, Arunachal Pradesh etc.

### Regional Development

A considerable number of socially and economically sound and effective elites had already emerged in cities and urban towns during the British period. After independence these elites either entered into the government or supported their men to win election and thereby enter into the government. This made them interfere in the formulation and execution of development plans, on one hand, and in the fixation of

priorities, on the other. Thereby Indian development plans became urban oriented and concentrating on rich minority. Therefore, great many portion of the fruits of planned economic development remained centred towards and around the urban cities, towns and those rural regions where natural resources are abundantly available. Thus rural regions devoid of natural resources lagged far behind in the run of economic development and thence remained either undeveloped or insignificantly developed in comparison to the urban and the naturally resourced regions.

### Causes of Inequalities

There are several causes which give rise to inequality in an economy:

#### Historical Factor

Historically, regional imbalances in India started from its British regime. The British rulers as well as industrialists started to develop only those earmarked regions of the country which as per their own interest were possessing rich potential for prosperous manufacturing and trading activities. British industrialists mostly preferred to concentrate their activities in two states like West Bengal and Maharashtra and more particularly to three metropolitan cities like Kolkata, Mumbai and Chennai. They concentrated all their industries in and around these cities neglecting the rest of the country to remain backward. The land policy followed by the British frustrated the farmers to the maximum extent and also led to the growth of privileged class like zamindars and money lenders for the exploitation of the poor farmers. In the absence of proper land reform measures and proper industrial policy, the country could not attain economic growth to a satisfactory level. The uneven pattern of investment in industry as well as in economic overheads like transport and communication facilities, irrigation and power made by the British had resulted uneven growth of some areas, keeping the other areas totally neglected.

#### Unequal Distribution of Natural Resources

The distribution of natural resources is not equal among the different parts and the different regions of the country. The industrialization thence became brought about fast in the regions and the parts rich in natural resources. This resulted into faster development of education and employment level in those regions and parts in comparison to that in the regions and parts lacking in the availability of natural resources. Thus these natural factors have resulted uneven growth of different regions of India.

#### Inadequacy of Economic Overheads

Economic overheads like transport and communication facilities, power, technology, banking and insurance etc. are considered very important for the development of a particular region. Due to adequacy of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects whereas due to inadequacy of such economic overheads, some regions of the country, viz., North-Eastern Region, Himachal Pradesh, Bihar etc. remained much backward as compared to other developed regions of the country. Moreover, new investment in the private sector has a general tendency to concentrate much on those regions having basic infrastructural facilities.

### **Failure of Planning Mechanism**

Although balanced growth has been 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. From First Plan to the Seventh Plan, Punjab and Haryana have received the highest per capita plan outlay, all along. The other three states like Gujarat, Maharashtra and Madhya Pradesh have also received larger allocation of plan outlays in almost all the five year plans. On the other hand, the backward states like Bihar, Assam, Orissa, Uttar Pradesh and Rajasthan have been receiving the smallest allocation of per capita plan outlay in almost all the plans. Due to such divergent trend, imbalance between the different states in India has been continuously widening, in spite of framing achievement of regional balance as one of the important objectives of economic planning in the country.

### **Marginalization of the Impact of Green Revolution to Certain Regions**

In India, the green revolution has improved the agricultural sector to a considerable extent through the adoption of new agricultural strategy. But unfortunately the benefit of such new agricultural strategy has been marginalized to certain definite regions keeping the other regions totally untouched. The Government has concentrated this new strategy to the heavily irrigated areas with the idea to use the scarce resources in the most productive manner and to maximize the production of food grains so as to solve the problem of food crisis. Thus the benefit of green revolution is very much restricted to the states like Punjab, Haryana and plain districts of Uttar Pradesh leaving the other states totally in the dark about the adoption of new agricultural strategy. This has made the well-off farmers much better off, whereas the dry land farmers and non-farming rural population remained totally untouched. Thus in this way new agricultural strategy has aggravated regional imbalances due to its lack of all-embracing approach.

### **Political Instability**

Another important factor responsible for regional imbalance is the political instability prevailing in the backward regions of the country. Political instability in the form of unstable government, extremist violence, law and order problem etc. have been obstructing the flow of investments into these backward regions besides making flight of capital from these backward states. Thus this political instability prevailing in same backward regions of the country are standing as a hurdle in the path of economic development of these regions.

### **Consequences of Inequality**

Inequality leads to some very serious economic and social consequences:

#### **Class-conflict**

It has created two sections in society—the 'haves' and the 'have-not's'—which are ever on the war path. This has

resulted in ever mounting social tensions and political discontent.

#### **Political Domination**

The rich dominate the political machinery, and they use it to promote their own exclusive interests. This results in corruption, graft and social injustice.

#### **Exploitation**

The rich exploit the poor. The consciousness of this exploitation leads to political awakening and then agitation and even political revolution. Thus inequality is an important cause of social and political instability.

#### **Creation of Monopolies**

Unequal incomes promote monopolies. These powerful monopolies and industrial combines charge unfair prices from the consumer? And crush the small producers. The bigger fish swallow the small fry.

#### **Suppression of Talent**

It is said that 'slow rises merit by poverty depressed'. It is not easy for a poor man to make his way in life, however brilliant he may be. It is a great social loss that brainy people without money are unable to make their due contribution to social welfare.

#### **Undemocratic**

Democracy is a farce when there is a wide gulf between the rich and the poor. Political equality is a myth without economic equality.

#### **Moral Degradation**

The rich are corrupted by vice and the poor demoralized by lack of economic strength. Thus inequalities spoil the rich and degrade the poor. Vice and corruption rule such a world. The poor man finds it almost impossible to regain the virtues of honesty and integrity. Human dignity is lost altogether.

#### **Promotes Capital Formation**

However, there is one good which comes out of these inequalities of incomes and that is that it facilitates savings. If the national income of the country is evenly distributed among all its citizens, it is clear that it will be only thinly spread over the whole population. Everyone will have nothing left for saving. It is only when income is unequally distributed that there are people who are so rich that in their case saving is automatic. It is only a minority of the people who have the saving habit. To the rest if income comes, it is squandered away. Under a system, where there are large accretions of wealth in certain patches, not only is the capacity for savings greater, but the ability to invest and gain is also greater. There are people who save and turn their saving into capital. Thus inequality of incomes helps capital formation in a country.

#### **Suggestions**

The following are some of the measures which can be suggested to reduce inequality.

#### **Social Security**

The social security scheme that include provision of free

education, free medical and maternity aid, old-age pension, liberal unemployment benefits, sickness and accident compensation, provident fund and schemes of social insurance, etc. In that manner, substantial benefits can be assured to persons whose incomes are low. Social services like public parks, libraries, museums, community air-conditioned halls, community radio and TV sets, refrigerators may be provided on a liberal scale, so that the poor are able to enjoy almost all possible amenities available to the rich.

### **People's participation**

It is very important that people's participation is ensured at all stages of development, and at all levels, right from the top level to the grassroots level. When people are participating in the development process, it is in their interest to ensure that all sections of the society benefit equally from the process. This can be done if people are involved at every stage of development, right from the stage of planning a programme, to its execution, monitoring and evaluation.

### **Change the attitude of people**

If disparity is to be removed, there needs to be a transformation in the attitudes of people. It is very important for the people to realize that factors like class, caste, gender, age, etc., create serious bottlenecks in the development process, and are factors that affect certain sections of society. If development is to take place, it is important that all sections of society participate in the development process, and reap the fruits of development

### **Equality of Opportunity**

The Government may devise and set up some sort of machinery which may provide equal opportunities to all rich and poor in getting employment or getting a start in trade and industry. In other words, something may be done to eliminate the family influence in the matter of choice of a profession. For example, the government may institute a system of liberal stipends and scholarships, so that even the poorest in the land can acquire the highest education and technical skill

### **Ceilings on Agricultural Holdings and Urban Property**

With a view the reducing inequalities between the big and small farmers, ceilings on agricultural land holdings can be imposed. This has been done in India and recently the ceilings have been too lowered to 10-18 standard acres. The main purpose of land ceilings is to bring about a wider and equal ownership and use of land. As a counterpart, a ceiling on urban property can be imposed so that inequalities in urban areas can also be toned down. More radical socioeconomic reforms seem to be in the offing in India. These are some of the measures that can be adopted to reduce inequalities. But inequalities can be reduced, they cannot be eliminated altogether. In fact, absolute equality is unattainable.

### **Special programmes for backward regions**

It is important for the government and the private sector to realise that disparity can be removed only if greater attention is given to areas which are backward, which means more investments need to be made in backward regions by private companies, and increased allocations need to be made by the government in backward regions. It is also important to

formulate special policies and programmes for the backward regions

### **Good governance and transparency**

Good governance refers to effective planning, management and monitoring of activities in order to bring about effective improvement in the affairs of the country, or, a state, and making equitable distribution of the gains of development. It also refers to providing equal access to basic services to all sections of the population, and equal opportunities for individual growth. Thus, the better the governance, the less would be the disparity. Transparency is possible through the provision of information about various legislations to citizens, such as the Right to Information Act, legal literacy, etc. Since people are not aware of their right to information, they are not able to acquire knowledge about the system's failure within an organization, and to raise their voice against nonfunctioning systems within an organization. The more the transparency in an organization, the greater would be the growth of the organization. If all organizations in a country, for example, have adequate systems in place, there would be no disparity.

### **References**

1. Misra, Puri. Indian economy 28<sup>th</sup> revised edition.
2. Article Raja Lakshmi K. Growing Regional Disparities in India's Development. Int. J. Educat. Res. Technol. 2013; 4(3):47-55.
3. Dutt, Sundram. Indian economy 55<sup>th</sup> edition.
4. <http://www.gktoday.in/blog/economic-inequality-in-india>.
5. <http://www.wikipedia/inequalityinindia>.