

An Inter-State Analysis of Regional Disparity Pattern in India

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Abstract— Balanced regional development means development in all regions of the economy. It is only through balanced regional development that the benefits of economic development can reach to all persons living in different regions of India. The 12th plan proposes to achieve inclusive growth so as to provide benefits of development to all geographical regions of the nation. But in India, a few states are relatively more developed and many states are economically backward. Through this study, we highlighted the regional imbalances among different states of the country. The study further suggested some points to overcome these disparities.

Keywords— Regional Imbalance, Indian Economy, Growth, Economic Development, Different States.

1. Introduction

Indian economy is a federal economy, i.e. it comprises of different states which have important powers to make their own laws and decisions. It comprises of 29 states and 7 Union Territories (UTs). In the context of Indian economy, region means state or UT. Regional development therefore, means development of different states or inter-regional development and development of different regions or districts within the states or intra-regional development. Balanced economic development of Indian economy implies economic development of all regions. But in spite of more than 64 years of economic planning, pattern of regional development of Indian economy is far from being balanced one. Balanced pattern of regional development doesn't imply that rate of development of all regions should be uniform. It simply means that difference in the economic development of different regions should be minimized. On the basis of level of development, Professor N. J. Kurion has divided regions of India into two parts:

- a) Regions situated in the centre of India.
- b) Regions situated at the periphery.

Regions situated in the centre of India like Bihar, Odisha, Jharkhand, UP etc. have remained backward and under developed. On the other hand, regions at the periphery have developed more. Thus the pattern of regional development in India has imbalances i.e. a few regions of the country are

developed and a few regions are quite backward. Widening income differences between more developed and relatively poorer states is a matter of serious concern.

2. Objectives of the Study

- To highlight the regional imbalances among different states of the country.
- To give some suggestions to overcome these disparities.

3. Research Methodology

The present study is explanatory and descriptive in nature. It is based on secondary data collected from authenticated sources. The data has been compiled from Economic Survey, Handbook of Statistics on Indian Economy, Statistical Outline of India, Census Reports and NSSO Reports.

4. Pattern of Regional Development in India

The main indicators of the pattern of regional development of Indian economy are as under:

4.1 Net Domestic Product (NDP)

Contribution of some states in NDP is more than some other states of the country. It is clear from the table 1 that NDP of a few states namely Maharashtra, UP, AP and Tamil Nadu is very high. On the other hand, NDP of Assam, Jharkhand, Chhattisgarh, Odisha and Bihar are low. It may be noted that because of different areas and different population size of different states, NDP is not good criteria to measure regional imbalances.

4.2 Per Capita Income

Per capita income is computed by dividing NDP of a state with its population. So, per capita income is better criteria to measure regional imbalances. It is clear from the table 2 that in some states, per capita income is very low. In Bihar, per capita income for the year 2012-13 was only Rs. 27202 which is very low in comparison to per capita income of Goa. In 2012-13, average per capita income of

Table 1: Contribution of Different Regions in Net Domestic Product of India for 2012-13 (at Current Prices)

State (High Income States)	Net Domestic Product (Rs. In Crores)	Share in Net Domestic Product of India (in %)
1. Maharashtra	1196754	14.3
2. Uttar Pradesh	693539	8.3
3. Andhra Pradesh	678524	8.1
4. Tamil Nadu	671728	8.0
5. Gujarat	584367	7.0
State (Low Income States)	Net Domestic Product (Rs. In Crores)	Share in Net Domestic Product of India (in %)
1. Assam	126149	1.5
2. Jharkhand	129402	1.5
3. Chhattisgarh	137756	1.5
4. Odisha	210683	2.5
5. Bihar	271439	3.2
All India	8372744	100.0

Source: Economic Survey, 2014-15; Handbook of Statistics on Indian Economy, 2014

India was Rs. 67839 at current prices. It indicates wide regional imbalances and differences in standard of living of masses living in different regions of India.

Table 2: Per Capita Income of Different States (At Current Prices) (Year 2012-13)

State (High Income States)	Per Capita Income (Rs. p.a.)	States (Low Income States)	Per Capita Income (Rs. p.a.)
1. Goa	200514	1. Bihar	27202
2. Haryana	119158	2. Uttar Pradesh	33616
3. Maharashtra	103991	3. Jharkhand	40238
4. Tamil Nadu	98976	4. Assam	40475
5. Gujarat	96976	5. Madhya Pradesh	44989
6. Kerala	88527	6. Odisha	49241

Source: Economic Survey, 2014-15; Handbook of Statistics on Indian Economy, 2014

4.3 Agricultural Production

Contribution of different regions of India with regard to agricultural production has been different. Pattern of growth of agricultural production in some states has been encouraging. Table 3 shows that in the matter of total food grains production, contribution of UP has been maximum. Punjab comes at the second place, although it is not a big state on the basis of its area. Punjab though a small state, yet its contribution of food grain is equal to many large

states and is more than food grain production of many states like Kerala, Chhattisgarh, Jharkhand and Odisha.

Table 3: Pattern of Regional Production of Food Grain (2013-14)

State (High Production states)	Production of Food Grains (Lakh Tones)	% share in India's Production of Food Grains	State (Low Production states)	Production of Food Grains (Lakh Tones)	% share in India's Production of Food Grains
1. UP	501.41	18.94	1. Kerala	5.14	0.19
2. Punjab	289.34	10.93	2. Jharkhand	41.93	1.58
3. MP	242.16	9.15	3. Chhattisgarh	75.83	2.86
4. Andhra Pradesh	200.98	7.59	4. Odisha	83.34	3.15
All – India	2648	100			

Source: Economic Survey, 2014-15; Handbook of Statistics on Indian Economy, 2014

4.4 Agricultural Productivity

Agricultural productivity is measured on the basis of per hectare yield of different crops. It depends upon quality of seeds, availability of irrigational facilities, quality of fertilizers, type of soil, climatic conditions etc. In agricultural developed state like Punjab, Haryana, productivity is high as compared to backward states. Highest productivity of food grains is in Punjab followed by Haryana, West Bengal and Andhra Pradesh. On the other hand, agricultural productivity in Maharashtra, Rajasthan, Odisha and MP is very low. Agricultural productivity of selected states is shown in table 4.

Table 4: Comparison of Agricultural Productivity of Selected States

States (High Productivity States)	Food Grain Yield per hectare (in kg) (average of years 2007-09)	States (Low Productivity States)	Food Grain Yield per hectare (in kg) (average of years 2007-09)
1. Punjab	4167	1. Maharashtra	1030
2. Haryana	3400	2. MP	1135
3. Andhra Pradesh	2529	3. Rajasthan	1187
4. West Bengal	2510	4. Odisha	1402

Source: Statistical Outline of India, 2012-13.

4.5 Industrial Production and Development in Factory Sector

Industrial Production of different regions is shown with the help of value added in industries and its percentage with total value added in industries in the country as a whole. Table 5 shows that value added in industries for Maharashtra, Gujarat and Tamil Nadu is high in comparison to Bihar, Odisha and MP. Differences in value added in industries of different states indicate regional imbalances. Development in factory sector includes number of factories; amount of capital invested therein, their gross output, employment generated therein etc.

Table: 5 Net Values Added in Industries (Year 2009-10)

Forward States	Net Value Added (Rs. in Crores)	% with Total Value added	Backward States	Net Value Added (Rs. in Crores)	% with Total Value added
1. Maharashtra	117806	20.2	1. Bihar	2321	0.4
2. Gujarat	76938	13.2	2. Jharkhand	15123	2.6
3. Tamil Nadu	59155	10.2	3. MP	15357	2.6

Source: Statistical Outline of India, 2012-13.

4.6 Development of Infrastructure

Availability of adequate infrastructural facilities is the pre-condition of economic and social development. Generally, infrastructure development depends upon the availability of several kinds of infrastructure, e.g. electricity, roads, railways, transport, banking etc. Similarly, agricultural development depends upon rural infrastructure, i.e. adequate availability of irrigation facilities, rural electrification and rural roads. Level of infrastructure development in selected states is depicted in table 6.

Table: 6 Levels of Infrastructure Development

States	Gross Irrigated area as % of Total Cropped Area (2008-09)	Per Capita Power Consumption (kwh) (2009-10)	Motor Vehicles per 1000 persons (2009)	Bank Offices per one Lakh Persons (2011)
Forward States				
Punjab	97.6	257.3	181	13.9
Haryana	85.3	174.0	185	10.5
Maharashtra	19.0	164.5	133	7.6
Gujarat	45.6	144.0	193	8.2
Kerala	17.0	193.4	141	13.6

Andhra Pradesh	48.7	158.0	97	8.8
Tamil Nadu	58.3	208.5	193	9.2
Backward States				
Bihar	61.0	20.5	21	4.1
Odisha	35.0	82.7	65	7.2
Jharkhand	39.7	73.1	67	5.9
MP	32.5	73.4	86	6.0
Rajasthan	34.7	87.8	99	6.4
UP	76.4	83.4	56	5.4
Assam	3.8	41.6	41	4.9
All India	45.3	121.2	99	7.4

Source: Compiled from Statistical Outline of India, 2009-10 and 2012-13.

4.7 Development of Private Investment

Since, the economic reforms of 1991, private investment has assured special significance in the economic development of different states of India. Almost, all states are offering several kinds of facilities and concessions to attract domestic and foreign private investment. In the post-economic reforms period, about 50% of investment proposals were received by 4 states alone, i.e. Maharashtra, Gujarat, Tamil Nadu and Andhra Pradesh. Bihar and Jharkhand have received the minimum number of investment proposals. National level financial institutions have given maximum financial assistance to Delhi, Maharashtra, Tamil Nadu etc. The share of Bihar in total financial assistance from financial institutions is less.

4.8 Literacy Rates

Literacy rate indicates the quality of human resources. It is very important for promoting the level of economic development. Literacy rates of some states like Kerala, Mizoram, Tripura and Goa is higher than the national average. On the other hand, literacy rate of some backward states like Bihar, Jharkhand, Rajasthan and Andhra Pradesh is low. Wide variations in literacy rates of different states also indicate their regional imbalances. Literacy rate of selected states is shown in table 7.

Table: 7 Literacy Rates of Selected States (in %, Year 2011)

Forward States	Literacy Rates	Backward States	Literacy Rates
1. Kerala	93.9	1. Bihar	63.8
2. Mizoram	91.6	2. Arunachal Pradesh	67.0
3. Tripura	87.8	3. Rajasthan	67.1
4. Goa	87.4	4. Jharkhand	67.6
5. HP	83.8	5. Andhra Pradesh	67.7

Source: Census Report, 2011

4.9 Poverty Line

As per Tendulkar methodology, in year 2011-12, 21.9% population was below the poverty line. It means that 21.9% of population was unable to meet minimum basic requirements. In Bihar and Chhattisgarh, % population is much higher as compared to national average. In backward states, mass poverty prevails. As per poverty estimates, 53.2% of total poor of India were concentrated in five states viz. Odisha, Bihar, MP, UP and Rajasthan. Poverty leads to less capital formation in these states. Inter-state comparison of poverty is clear from the table 8.

Table: 8 Percentages of Population BPL (Year 2011-12)

State	% of population BPL	State	% of population BPL
Chhattisgarh	39.9	Goa	5.1
Jharkhand	37.0	Kerala	7.1
Bihar	33.7	HP	8.1
Odisha	32.6	Punjab	8.3
UP	29.4	Haryana	11.2

Source: NSSO Reports

4.10 Infant Mortality Rates (IMR)

It indicates death rate among 0-1 year old infants per thousand per year. Higher IMR reflects poor health standards and backwardness. In year 2013, average IMR for India as a whole was 40, while in some backward states, it was very high; like in MP, it was 54; in Odisha it was 51; in UP it was 50 and in Assam it was 54. In developed states, IMR is lower; like in Kerala it was 12, in Tamil Nadu 21 and in Maharashtra 24.

5. Findings of the study

- Study reveals that the states which are situated on the periphery of the country such as Punjab, Maharashtra, Gujarat, Andhra Pradesh, and Tamil Nadu have witnessed rapid economic development against those states situated in the centre, such as Bihar, Odisha, MP, Chhattisgarh, Rajasthan, UP etc.
- Economic development of relatively large states like UP, Rajasthan, MP, and Bihar etc. has been slow while small states and medium states like Goa, Delhi, Haryana, Punjab and Gujarat, Tamil Nadu, Karnataka, Andhra Pradesh etc.
- Since the beginning of economic planning, some states have been more developed economically, e.g. Punjab, Maharashtra, and Gujarat etc.
- Agriculturally developed states like Punjab, Haryana, Tamil Nadu, Andhra Pradesh etc. have maintained their position among rich states of the country. While Bihar,

Odisha, MP etc remained relatively underdeveloped from the very beginning.

- Industrial states of the country namely, Maharashtra, Gujarat, Tamil Nadu etc have maintained their prominence in industrial sector.
- States like Bihar, Odisha, and MP Etc. which are rich in natural resources continue to be backward economically, because they could not fully exploit their natural resources like mineral products, forests, fertile soil etc.
- The main reasons for regional inequality in India are poor infrastructure, wrong allocation of resources, lack of basic facilities, defective green revolution policy, poor growth of ancillaries units in backward states, defective lending policy of financial institutions, political instability, disparities in literacy rates, less initiative on the part of some state governments etc.

6. Suggestions to Remove Regional Imbalances

There should be more infrastructure development in backward states. For achieving balanced regional development, more percentages of funds should be allocated to backward states. Government should make special projects for dry-land farming for states like Rajasthan, MP which have less rainfall. Government should provide more tax concessions and subsidies for setting up industrial units in backward states. Government should promote cottage and SSI in backward areas. It will create employment opportunities, promote production, and help to develop these regions. In many cases, leakage of funds takes place because of corrupt practices from the financial assistance sanctioned for backward states. Corruption in the implementation of schemes should be checked through strict measures. Education should be strengthening in backward regions. Efforts should be made to develop agriculture in backward states by providing quality-seeds and fertilizers at subsidized measures. Indian government has been taken several steps like concessional loans by financial institutions, fiscal and monetary concessions, state government incentives, BRGF, special fund for rural development, Rashtriya Sam Vikas Yojana etc.

7. Conclusion

It is evident from the study that the pattern of regional development in India is quite unequal. On the one hand, there are some states like Punjab, Maharashtra, Gujarat, Haryana, Tamil Nadu, Andhra Pradesh etc. which are constantly developing while on the other side some states like Bihar, Odisha, Jharkhand, Chhattisgarh, UP, Rajasthan and MP etc are backward in the matter of industrial and agricultural production. To be concluding, regional development of the country is unbalanced. A few states are relatively more developed and many states are quite

backward. So government and social organizations should put more efforts to minimize regional inequality from the country.

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