

# **Regional Imbalances in India: An Over View**

Regional imbalances or disparities means wide differences in per capita income, literacy rates, health and education services, levels of industrialization, etc. between different regions. Regions may be either States or regions within a State. In India there are enormous imbalances on various accounts. The exploitative nature of British colonial rule either created or accentuated regional disparities. The planning in independent India has also not been able to remove these disparities. Balanced regional development has always been an essential component of the Indian development strategy. Since all parts of the country are not equally well endowed with physical and human resources to take advantage of growth opportunities, and since historical inequalities have not been eliminated, planned intervention is required to ensure that large regional imbalances do not occur. Spectacular growth attained by some regions and in some sectors in India, after independence, is in contrast to low levels of development still prevailing in many parts. Therefore, it was felt that the State had a major role to play in removing disparities. This commitment was reflected in the Constitution and in planning objectives. Two major institutions, which were expected to work towards reducing the regional imbalances after independence, were the Finance Commission and the NITI Aayog (Planning Commission) . The Finance Commission has only limited role to play. Hence, more responsibility is vested on the NITI Aayog (Planning Commission). India's successive Five Year Plans have stressed the need to develop backward regions of the country. In promoting regional balanced development, public sector enterprises were located in backward areas of the country during the early phase of economic planning. In spite of pro-backward areas policies and programmes, considerable economic and social inequalities exist among different States of India, as reflected in differences in per capita State Domestic Product. While income growth performance has diverged, there is welcome evidence of some convergence in education and health indicators across the states. **The purpose of the present paper is an attempt to present an over view of the regional imbalances in India.**

## **Objectives of the study:**

- **To study the need for Balanced Regional Development.**
- **Review of Literature.**
- **To study the Regional Imbalances in the Pre and Post - Reforms Periods.**
- **Types of Disparities/Imbalances.**
- **Indicators of Regional Imbalances in India.**
- **To study the causes Regional Imbalances in India.**
- **To study the consequences Regional Imbalances in India.**
- **To suggest the remedies to reduce the Regional Imbalances in India**

**Methodology:** The study is based on secondary data collected from Research Journals, Newspapers, Books, Internet and Surveys of organizations etc.

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**Need for Balanced Regional Development:** Balanced regional development is an important condition for the harmonious and smooth development of a country. It does not imply equal development of all regions of a country. Rather it indicates utilization of development potential of all areas as per its capacity so that the benefit of overall economic growth is shared by the inhabitants of all the different regions of a country. Thus, the term **“Balanced regional development is the economic development of all regions simultaneously, raising their per capita income and living standards by exploiting their natural and human resources fully”**. The policy of balanced regional development is considered as both on economic, social and political grounds. The Second Five Year Plan documents of India observed in this connection, **“In any comprehensive plan of development, it is axiomatic that the special needs of the less developed areas should receive due attention. The pattern of development must be so devised as to lead to balanced regional development.”**

#### **Review of literature:**

**Global Theories of Regional Imbalances/Disparities:** There are sharp differences in the theoretical opinions on the issue of development disparity/imbalance and has been debated extensively by the scholars in terms of theory as well as empirical investigators.

**The Neo-Classical Theory of Convergence:** The neo-classical school is a believer in market forces and flexible prices. Its perspective on regional developmental disparities is drawn from Solow’s growth model. One implication on Solow’s growth model is that the countries with different levels of per capita income over time tend to converge to one level of per capita income. The conclusion is based on the assumption that output per labor is subject to diminishing returns to capital per labor. By this assumption in developed countries with higher capital per labor, per capita income tends to grow at a slow rate than in developing countries which have lower capital per labor. Although the convergence hypothesis was originally about international disparities in per capita income, the hypothesis is often tested for disparities of inter-regional development levels especially within large countries like India, China etc. Lack of unanimity of empirical support for the convergence hypothesis lead to emergence of several other theories.

**Gunnar Myrdal Theory:** He argues that due to industrialization and gain in productivity, rich regions benefit more. He does not deny that growth spreads to poor regions through access to larger markets and trade opportunities. **However, he insists that gains are offset by stronger backwash effects generated by deteriorating terms of trade resulting from high productivity gains in industrialization in rich regions.** Therefore, the theory predicts divergence in regional incomes. Myrdal’s and krugman analysis also resonant with Hirschman’s theory of unbalanced growth.

**Theory of Unbalanced Growth:** Unbalanced growth is a natural path of economic development. Situations that countries are in at any one point in time reflect their previous investment decisions and development. Unbalanced investment can complement or correct existing imbalances. Once such an investment is made, a new imbalance is likely to appear, requiring further compensating investments. **Therefore, growth need not take place in**

**a balanced way.** Supporters of the unbalanced growth doctrine include Albert O. Hirschman, Hans Singer, Paul Streeten and Marcus Fleming.

**Resource Curse Theory:** According to this theory, some of the faster growing economies over recent decades are regions with little natural resource endowments, whereas some countries with enormous natural resource endowments suffer from poor economic performance. This phenomenon of the negative correlation between resource abundance and economic growth is called the resource curse. It was formally presented by Auty in 1993. **For example: Japan relatively having less natural resources compare to India developed faster.**

**Review of Studies Related to India:** India has experienced wide regional imbalance in achievement of development goals. Whether such imbalances have widened over the years have been studied by the Williamson (1964), Dhar and Sastry (1969), Rao (1973), Gupta (1973), Raj (1990), Dholakia (1994), Ahluwalia (2000), Jha (2000), Kurian (2000), Majumdar (2004), Nayyar (2008), Kalra & Sodsriwiboon (2010) etc.

**Williamson (1964)** investigated the pattern of regional inequalities in the 1950's and concluded that the decade was marked by increasing inequalities. This was however contested by **Dhar and Sastry (1969)** who using power consumption as a proxy for industrial development found a tendency towards narrowing down of inter-state disparity in industrial output. In another study by **Rao (1973)**, the states were grouped into categories on the basis of factor analysis of a number of indicators. He found that broadly the same set of states remained within the different categories over the period thereby negating convergence or divergence. **Gupta (1973)** found that public investment had a significant contribution in reducing regional income disparity during 1950-66. In a detail analysis **Nair (1983)** in which on the basis of compiled SDP data for 1950-51, 1955-56, 1960-61 to 1975-76 from different official and unofficial sources, and showed that inter-state disparities in per capita net state domestic product (NSDP) had declined over the period 1950-51 to 1964-65, but increased between 1964-65 and 1976-77. Raj (1990) finds that the disparities in the level of income across rural and urban sectors tend to persist because of slow growth of per capita income in the rural sector. The study covered the period between 1950-51 and 1986-87. In an analysis of 20 Indian states during the period 1960-1990, Dholakia (1994) finds a significant tendency for convergence of the growth rates of State Domestic Products (SDPs).

### **Regional Imbalances in the Pre and Post - Reforms Periods:**

#### **Pre-Globalization Period:**

**First Five Year Plan (1951-56):** There was no explicit mention about the removal of regional disparity in this Plan. The emphasis was rather laid on strengthening and expanding the economic base of the country. However, it observed that "in any comprehensive plan of development, it is axiomatic that special needs of the less developed areas should receive due attention".

**Second Five Year Plan (1956-61):** **The need to correct regional imbalances was explicitly recognized for the first time in the Second Five Year Plan.** This plan emphasized setting up decentralized industrial production, location of new enterprises, whether public or private, keeping in view the need for developing a balanced economy for different parts of the country. **These approaches were dubbed in the Industrial Policy Resolution-1956, which charted out**

to ensure location of basic industries/projects in less developed areas as a means of achieving regional development. Accordingly, industries like Rourkela Steel Plant (Odisha), Bhilai Steel Plant (Chhattisgarh), Durgapur (West Bengal) and projects like the Hirakud, Kosi, Chambal, Rihand, Damodar Valley Corporation, Bhakra Nangal, Koyna and Nagarjunasagar were taken up in the poorly developed areas.

**Third Five Year Plan (1961-66):** This Plan addressed the issue of regional imbalance and laid emphasis on the **multiactivity approach to development of backward States and regions**. The Plan focused attention "**Regional or Area Development Plans**". This Plan "**calculated and allocated the size and pattern of plan outlays for different States**" with a view to reduce **Inter-State Disparities of development**.

**Fourth Five Year Plan (1969-74):** This Plan focused attention on "**Multi-Dimensional Area Development Approach**" in order to accelerate the development of backward areas. Central plan assistance to States shifted from project tied assistance to bulk assistance under **Gadgil formula**, where in **population and economic backwardness** were the two major criteria.

**Fifth Plans (1974- 79):** This Plan grouped backward areas broadly into two categories: (a) areas with unfavourable physioeographic conditions, terrain, and regions including drought-prone, tribal areas and hill areas; and (b) economically backward areas, marked by adverse land man ratios, lack of infrastructure and inadequate development of resource potential. Programmes like Drought Prone Area Programme (DPAP), Tribal Area Development Programme (TADP), Hill Area Development Programme (HADP) etc., were introduced during this plan with provision of earmarked funding.

**Sixth Five Year Plan (1980-85):** Introduction of **Integrated Rural Development Programme (IRDP)** and submission of the report of a "**High level National Committee for Development of Backward Area**". This committee was set up to (a) examine and identify backward areas and (b) review the working of existing schemes for stimulating industrial development in backward areas.

**The Seventh Five Year Plan (1985-90):** It laid major **emphasis on employment generation and poverty alleviation programmes**. It pointed out that increase in agricultural productivity in rice, coarse cereals like Barley and Ragi, pulses and oilseeds in the eastern region and in the dry land and rain fed areas throughout the country, along with area development for drought prone, desert, hill and tribal areas, would ultimately be helpful in reducing regional disparities. **However, Seventh Plan ended up with major economic crisis followed by economic reforms that affected a policy shift towards market oriented development strategy.**

#### **Post-Globalization:**

**Eighth Five Year Plan (1992-97):** Market driven development strategy was introduced in the Eighth plan, it recognized that planning process has to manage the flow of resources across regions for accelerated removal of "regional disparities". **With greater freedom and choice of location available to industry under reform regime, it was more likely that some States would be able to attract more private investment than others. In such a situation it would**

**be necessary to deliberately bias public investment in infrastructure in favour of the less well-off States.**

**Ninth Five Year Plan (1997-2002):** The Ninth plan emphasized that the States to operate in a spirit of cooperative federalism and to arrive at a set of **public policy and action in which state-level initiatives at attracting private investment in a competitive manner will be acceptable, but they should safe guard the interests of backwards areas.**

**Tenth Five Year Plan (2002-07):** This was most explicit on regional disparity by **setting the State specific GSDP growth targets for the first time.** The plan panel became conscious of the fact that national targets do not necessarily translate into balanced regional development. The potentials and constraints that exist at the state-level vary significantly. Therefore, **for the first time, the national growth target was disaggregated to the state-level growth targets in consultation with State governments.** NAREGA was introduced during this plan to guarantee the “Right to work”.

**The Eleventh Five Year Plan (2007-12): It adopted an Inclusive Growth Model.** Redressing regional disparities is not only adopted as a goal in itself but has been accepted as essential for maintaining the integrated social and economic fabric of the country without which the country may be faced with a situation of discontent, anarchy and breakdown of law and order. The plan envisaged breaking down of 13 out of 27 monitorable targets State wise. These targets include, among others, GSDP growth target, growth target for agricultural GSDP, new work opportunities, poverty ratio. These targets will help the States to have some policy introspection of their own and focus attention on the extent to which progress can be achieved in the relatively backward States and districts.

**Twelfth Plan (2012-17): This Plan seeks to fulfill the economy at a faster, sustainable and more inclusive growth.** During this plan, the special attention has given to the laggard States to accelerate their economic growth. In order to achieve this, it requires strengthening of States’ own capacities to plan, to implement and to bring greater synergies within their own administration and with the Central Government. An important constraint on the growth of backward regions in the country is the poor state of infrastructure. Therefore, the twelfth plan pays attention to the improvement in infrastructure which is important component of regionally inclusive development strategy.

**Types of Disparities/Imbalances:** They are:

1. Global Disparity
2. Interstate Disparity (Disparity between States)
3. Intrastate Disparity (Disparity within States)
4. Rural-Urban Disparity

**1. Global Disparity:** The term global disparity describes the disparities that exist between the nations. Each country is at a different level of development, which causes disparity between countries. Some counties have been endowed with resources in abundance, while there are countries that are extremely poor in resources.

**2. Inter - State Disparity:** Like global disparities, there are also exist disparities between the states in India. Inter –state disparities or regional disparities or regional imbalances refers to a situation where a per capita income, standard of living, consumption situation, industrial and agriculture development are not uniform in different parts of a given region. Backwardness of state could be the result of either the regional diversity or disparity.

**3. Intra-State Disparity:** Intrastate disparity refers to disparity within the state. Intra-regional disparities in development can be identified through macro indicators of development like allocation of resources, quality of governance, agrarian structure, income, consumption patterns and estimates of poverty.

**4. Rural-Urban disparity:** Rural-urban disparity has been prevalent in India for ages. Rural areas are considered backward areas in terms of availability of basic infrastructure - roads, electricity, water and sanitation facilities, schools and hospitals etc. In contrast, these facilities are mostly available in urban areas. It is because of the absence of such facilities that rural areas lag behind urban areas in terms of the basic indicators of development - poverty, illiteracy, unemployment etc.

#### **Indicators of Regional Imbalances in India:**

**1. State Per - Capita Income:** The most important indicator of regional imbalances is difference in per capita income of States. In most of the years States like Punjab, Haryana, Maharashtra, Gujarat, Karnataka, Tamil Nadu and Kerala have achieved higher per capita income when compared with Orissa, Bihar, M.P, UP, Assam and Rajasthan. **In 2016, Delhi's per capita income stood at Rs. 2,01,083 as compared to Bihar's Rs. 22,890. PCI for 6 Indian states is not available, including Gujarat, Kerala, Mizoram, Chandigarh, Rajasthan and Goa. In 2012, Goa had the highest Per Capita Income followed by Delhi.**

**2. Inter - State Disparities in Agricultural and Industrial Development:** Punjab, Haryana and part of U. P. has recorded high rate of productivity due to its high proportion of irrigated area and higher level of fertilizer use. On the other hand, states like Assam. Bihar, Orissa and Uttar Pradesh have been lagging behind in respect of the pace of industrialization.

**3. Intra - State imbalance:** There is a growing tendency among most of the advanced states concentrate its development activities towards relatively more developed urban, and metropolitan of the states while allocating its industrial and infrastructural projects by neglecting the backward areas.

**4. Spatial Distribution of Industries:** Another Important Indicator of regional imbalance is the uneven distribution of industries. Though, the country as a whole has achieved industrial development at a fair rate since independence, but the spatial distribution of such industrial development between different states remained almost uneven. For example, States like Punjab, Haryana, Maharashtra, Gujarat, Kerala, and Karnataka 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.

**5. Population below poverty line:** Percentage of population living below the poverty line in different states is an important indicator of regional Imbalance or disparities. (The below table – 1 reveals the state-wise poverty situation in India).

**Table – (1) State-wise Poverty Situation in 2011-12 (in per cent) in India:**

Population below Poverty line	Rural Poverty	Urban Poverty	Total Poverty
Less than 10	Goa, Punjab, Himachal Pradesh, Kerala, Sikkim	Goa, Sikkim, Himachal Pradesh, J&K, Mizoram, Kerala, Andhra Pradesh, Tamil Nadu, Meghalaya, Maharashtra, Punjab, Tripura	Goa, Kerala, Himachal Pradesh, Sikkim, Punjab, Andhra Pradesh
10 to 20	Andhra Pradesh, Haryana, Meghalaya, Rajasthan, J&K, Nagaland, Tripura, Tamil Nadu, Uttarakhand	Gujarat, Haryana, Uttarakhand, Rajasthan, West Bengal, Karnataka, Nagaland, Odisha	J&K, Haryana, Uttarakhand, Tamil Nadu, Meghalaya, Tripura, Rajasthan, Gujarat, Maharashtra, Nagaland, West Bengal
20 to 30	Gujarat, West Bengal, Maharashtra, Karnataka	Arunachal Pradesh, Assam, Madhya Pradesh, Chhattisgarh, Jharkhand, Uttar Pradesh	Mizoram, Karnataka, Uttar Pradesh
30 to 40	Arunachal Pradesh, Manipur, Madhya Pradesh, Assam, Uttar Pradesh, Bihar, Odisha, Mizoram, Bihar, Odisha, Mizoram	Bihar, Manipur	Madhya Pradesh, Assam, Odisha, Bihar, Arunachal Pradesh, Manipur, Jharkhand, Chhattisgarh
Above 40	Jharkhand, Chhattisgarh		

**Source:** Based on NITI Aayog Estimates, 2011-12.

**Analysis:** The high rural poverty can be attributed to lower farm incomes due to subsistence agriculture, lack of sustainable livelihoods in rural areas, impact of rise in prices of food products on rural incomes, lack of skills, underemployment and unemployment. Total poverty (Rural & Urban) is more in M.P, Assam, Odisha, Arunachal Pradesh, Manipur, Jharkhand and Chhattisgarh.

**6. Degree of Urbanization:** In respect of urbanization the percentage of urban population to total population is an important indicator. The all India percentage share of urban population stands at 27.81% in 2001 and 31.6 in 2011.

**7. Per Capita Consumption of Electricity:**

Per capita consumption of electricity is also another important indicator of regional disparities. States like Punjab, Gujarat, Haryana, Maharashtra etc., having higher degree of industrialization and mechanization of agriculture, have recorded a higher per capita consumption of electricity than the economically backward states like Assam, Bihar, Orissa, Madhya Pradesh and Uttar Pradesh.

**8. Employment Pattern:** States attaining higher degree of industrialization are maintaining higher proportion of industrial workers to total population. It is found that industrially developed states like Maharashtra, Gujarat, Haryana, Punjab, Tamil Nadu and West Bengal are maintaining a higher average daily employment of factory workers per lakh of population as compared to that of lower average maintained in industrially backward states like Assam, Orissa, Uttar Pradesh, Rajasthan etc. Even the industrially developed states like Gujarat, Maharashtra, Tamil Nadu and West Bengal are still maintaining a higher proportion of agricultural labourers to total workers as the industrial sector of these states has failed to enlarge the scope of employment sufficiently to engage more and more rural workers.

**9. Foreign Direct Investment:** FDI is yet another important indicator of regional disparities. Most of the states think that if they attract FDI it is useful for economic growth. Discounts in bank rates, discount in taxes etc. are the benefits of FDI investment. The projects like IT Park, Industrial park, Agricultural processing such projects are reserved for FDI. There are various facilities for attracting FDI so that it shows various inequalities in foreign investment.

**Table – (2) Showing Regional Disparities in various States of India:**

High FDI States	Medium FDI States	Low FDI States
Maharashtra, Dadra nagar Haveli, Daman & Div, Delhi, Haryana, Tamilnadu, Pondicherry, Karnataka, Gujarat, Andhra Pradesh..	West Bengal, Sikkim, Andaman & Nikobar islands, Rajasthan, Chandhighadh, Punjab, Haryana, Himachal Pradesh, Madhya Pradesh, Chatiishghadh, Kerala, Lakshadweep	Goa, Orissa, UP, Uttaranchal, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar and Jharkhand.

**Analysis:** The disparities in FDI are divided in to three different levels like High investment states, Medium and low investment inflows. Maharashtra, Delhi, Tamilnadu, Karnataka, Gujarat and Andhra Pradesh having high inflow of investment. Mumbai is the first city having largest investment in India. From April 2000 to June 2014 those states having Investment 4500 corers to 40000 crores are classified as medium investment states, they are West Bengal, Rajasthan, Sikkim, Himachal Pradesh and Madhya Pradesh and those having less than 4500 crores are classified as low investment inflow states like Goa, Manipur, Meghalaya, Tripura, Nagaland, Orissa, Mizoram and Arunachal Pradesh.



**10. Human Development Index:** It is a composite statistic of life expectancy, education, and income per capita indicators. It is also an important indicator of regional disparities. By studying HDI ranks of different countries, we can analyze the regional imbalance among the globe so also inter-states and intra states of a country.

**Table – (3) HDI Ranks of different States of India:**

Rank	State/Union Territory	Consumption based HDI (2007–08)	HDI (1999–2000)
1	Kerala	0.79	0.677
2	Delhi	0.75	0.783
3	Himachal Pradesh	0.652	0.581
4	Goa	0.617	0.595
5	Punjab	0.605	0.543
6	NE (excluding Assam)	0.573	0.473
7	Maharashtra	0.572	0.501
8	Tamil Nadu	0.57	0.465
9	Haryana	0.552	0.501
10	Jammu and Kashmir	0.529	0.465
11	Gujarat	0.527	0.466
12	Karnataka	0.519	0.432
13	West Bengal	0.492	0.422
14	Uttarakhand	0.49	0.339
15	Andhra Pradesh	0.473	0.368
16	Assam	0.444	0.336
17	Rajasthan	0.434	0.387
18	Uttar Pradesh	0.38	0.316
19	Jharkhand	0.376	0.268
20	Madhya Pradesh	0.375	0.285
21	Bihar	0.367	0.292
22	Odisha	0.362	0.275
23	Chhattisgarh	0.358	0.278
–	National average	0.513	0.436

**Note:** 2007-2008 HDI values in this table is not based on income as is the UNDP standard practice for global comparisons, but on estimated consumption expenditure - an assumption which underestimates the HDI than actual.

**Analysis:** It is very clear from the table 3 that the States ranked 1-5<sup>th</sup> Kerala, Delhi, H.P, Goa, Punjab are very highly developed, 6-12<sup>th</sup> NE (excluding Assam), M.S, Tamilnadu, Haryana, J&K, Gujarat, Karnataka are highly developed, 13-17<sup>th</sup> West Bengal, Uttarakhand, Andhra Pradesh, Assam, Rajasthan are medium developed and 18<sup>th</sup> to 23<sup>rd</sup> UP, Jharkhand. M.P, Bihar, Chhattisgarh are low developed, which clearly shows regional imbalances between the States in India.

## Causes of Regional Imbalances in India:

- 1. Historical factors:** Historically regional imbalance started in India from British regime. British industrialist mostly preferred to concentrate their activities in two states like west Bengal and Maharashtra and more particularly to their 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 back ward.
- 2. Geographical factors :** 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. Most of the Himalayan states of India, i.e., Himachal Pradesh. Northern Kashmir, the hill districts of Uttar Pradesh and Bihar, Arunachal Pradesh and other North-Eastern states, remained mostly backward due to its inaccessibility and other inherent difficulties. Adverse climate and proneness to flood are also responsible factors for poor rate of economic development of different regions of the country as reflected by low agricultural productivity and lack of industrialization. Thus these natural factors have resulted uneven growth of different regions of India.
- 3. Failure of planning:** 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. On the other hand, the backward states like Bihar, Assam, Orissa, UP, 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.
- 4. Financial:** Financial sector reforms have led to a booming stock market that has helped large firms finance their expansion easily, however small and medium enterprises which are important engine of growth and productivity have not been able to access finance in rural areas.
- 5. Infrastructure:** India's tier 1 cities i.e. Mumbai, Bangalore, Delhi, Chennai and Hyderabad are at breaking point regions bootlicks in basic infrastructure such as power, water, roads and airport exist. The concentrated mushrooming of out sourcing companies in these cities lead further higher growth, while as other areas do not poses the same situation prevailing in these metropolitan cities.
- 6. Disparities in Socio-Economic Development:** Development is a multi-dimensional phenomenon. In India, the states are earmarked with wide disparity in socio-economic development. This in turn influences the regional imbalances in a country. **The role of social development such as education in promoting literacy, especially of female is prerequisite for overall development ( The below table – 4 gives information about the literacy rates in different states of India).**

**Table- (4) Literacy Rates: 2001 Census and 2011 Census (States & Union Territories):**

Rank	State	Literacy rate (2001 Census)	Literacy rate (2011 Census)	Decadal Change in Literacy rate (2001-2011)	Literacy Rate-Male (2001 Census)	Literacy rate-Male (2011 Census)	Decadal Change in Male Literacy Rate(2001-2011)	Literacy Rate-female (2001 Census)	Literacy rate-Female (2011 Census)	Decadal Change in Female Literacy Rate(2001-2011)
1	Andaman & Nichobar	81.30%	86.30%	5.00%	86.30%	90.10%	3.80%	75.20%	81.80%	6.60%
2	Andhra Pradesh	60.50%	67.70%	7.20%	70.30%	75.60%	5.30%	50.40%	59.70%	9.30%
3	Arunachal Pradesh	54.30%	67.00%	12.70%	63.80%	73.70%	9.90%	43.50%	59.60%	16.10%
4	Assam	63.30%	73.20%	9.90%	71.30%	78.80%	7.50%	54.60%	67.30%	13.30%
5	Bihar	47.00%	63.80%	16.80%	59.70%	73.50%	13.80%	33.10%	53.30%	20.20%
6	Chandigarh	81.9.%	86.40%	4.50%	86.10%	90.50%	4.40%	76.50%	81.40%	4.90%
7	Chattisgarh	64.70%	71.00%	6.30%	77.40%	81.50%	4.10%	51.90%	60.60%	8.70%
8	Dadra & Nagar Haveli	57.60%	77.70%	20.10%	71.20%	86.50%	15.30%	40.20%	65.90%	25.70%
9	Daman & Diu	78.20%	87.10%	5.40%	86.80%	91.50%	4.70%	65.60%	79.60%	14.00%
10	Delhi	81.70%	86.30%	4.60%	87.30%	91.00%	3.70%	74.70%	80.90%	6.20%
11	Goa	82.00%	87.40%	5.40%	88.40%	92.80%	4.40%	75.40%	81.80%	6.40%
12	Gujarat	69.10%	79.30%	10.20%	79.70%	87.20%	7.50%	57.80%	70.70%	12.90%
13	Haryana	67.90%	76.60%	8.70%	78.50%	85.40%	6.90%	55.70%	66.80%	11.10%
14	Himachal Pradesh	76.50%	83.80%	7.30%	85.30%	90.80%	5.50%	67.40%	76.60%	9.2%%
15	Jammu & Kashmir	55.50%	68.70%	13.20%	66.60%	78.30%	11.70%	43.00%	58.00%	15.00%
16	Jharkhand	53.60%	67.60%	14.00%	67.30%	78.50%	11.20%	38.90%	56.20%	17.30%
17	Karnataka	66.60%	75.60%	9.00%	76.10%	82.80%	6.70%	56.90%	68.10%	11.20%
18	Kerala	90.90%	93.90%	3.00%	94.20%	96.00%	1.80%	87.70%	92.00%	4.30%
19	Lakshadweep	86.70%	92.30%	5.60%	92.50%	96.10%	3.60%	80.50%	88.20%	7.70%
20	Madhya Pradesh	63.70%	70.60%	6.90%	76.10%	80.50%	4.40%	50.30%	60.00%	9.70%
21	Maharashtra	76.90%	82.90%	6.00%	86.00%	89.80%	3.80%	67.00%	75.50%	8.50%
22	Manipur	69.90%	79.80%	9.90%	79.50%	86.50%	7.00%	60.10%	73.20%	13.10%
23	Meghalaya	62.60%	75.50%	12.90%	65.40%	77.20%	11.80%	59.60%	73.80%	14.20%
24	Mizoram	88.80%	91.60%	2.80%	90.70%	93.70%	3.00%	86.70%	89.40%	2.70%
25	Nagaland	66.60%	80.10%	13.50%	71.20%	83.30%	12.10%	61.50%	76.70%	15.20%
26	Orissa	63.10%	73.50%	10.40%	75.30%	82.40%	7.10%	50.50%	64.40%	13.90%
27	Pudicherry	81.20%	86.50%	5.30%	88.60%	92.10%	3.50%	73.90%	81.20%	7.30%
28	Punjab	69.70%	76.70%	7.00%	75.20%	81.50%	6.30%	63.40%	71.30%	7.90%
29	Rajasthan	60.40%	67.10%	6.70%	75.70%	80.50%	4.80%	43.90%	52.70%	8.80%
30	Sikkim	68.80%	82.20%	13.40%	76.00%	87.30%	11.30%	60.40%	76.40%	16.00%
31	Tamil Nadu	73.50%	80.30%	6.80%	82.40%	86.80%	4.40%	64.40%	73.90%	9.50%
32	Tripura	73.20%	87.80%	14.60%	81.00%	92.20%	11.20%	64.90%	83.10%	18.20%
33	Uttar Pradesh	56.30%	69.70%	13.40%	68.8.%	79.20%	10.40%	42.20%	59.30%	17.10%
34	Uttarakhand	71.60%	79.60%	8.00%	83.30%	88.30%	5.00%	59.60%	70.70%	11.10%
35	West Bengal	68.60%	77.10%	8.50%	77.00%	82.70%	5.70%	59.6.%	71.20%	11.60%
-	Whole India	64.83%	74.04%	9.21%	75.26%	82.14%	6.88%	53.67%	65.46%	11.79%

Source: 2001 and 2011 Census (Retrieved from my Blog: Vijay's Vision. Blog Spot.Com)

**Analysis:** Eleven states and Union Territories have recorded literacy rates below the national average of 74.04%. This includes Bihar, Jharkhand, Andhra Pradesh, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Rajasthan. Over the last decade these states have improved literacy rates anywhere by 6.2% to 24%. While Bihar is the most laggard, at a literacy rate of 63.8%, it has made substantial improvement over its Census 2001 performance of 47%. The most impressive gain was made by Jharkhand, which improved on its Census 2001 figure of 53.6%. The state's literacy rate is 67.6%. In Rajasthan, the male literacy rate is 80.51%, while the female literacy rate is 52.66%. This is a huge gap. The Goa's overall literacy rate in the state stood at 87.40 per cent and the same is 92.81 percent among males and 81.84 percent in females. More heartening new female literates outnumbered male literates during the past decade. Ten states and union territories achieved a literacy rate of above 85%. This is an achievement India can be proud of.

**7. Political factor responsible for regional disparities :** Political instability in the form of unstable government, extremist violence, law and order problems etc. have been obstructing regional flow of investment into the backward regions.

**8. Predominance of Agriculture:** The occupational structure of India from the beginning is agriculture. In 1921, it was 76.0% and around 72% in 2001 census. This indicated degeneration economic conditions, deindustrialization and realization of the economy. According to census 2011, yet 58.02% population is engaged with agriculture and remains poor as compared to industrialized civilization.

**9. Lack of Motivation on the Part of Backward States:** Growing regional imbalance in India has also been resulted from lack of motivation on the part of the backward states for industrial development. While the developed states like Maharashtra, Punjab, Haryana, Gujarat, Tamil Nadu etc. are trying to attain further industrial development, but the backward states have been showing their interest on political intrigues and manipulations instead of industrial development.

**10. Locational Advantages:** Locational advantages are playing 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 selections of various developmental projects. While determining the location of iron and steel projects or refineries or any heavy industrial project, 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.

### **Consequences of Regional Imbalances in India:**

The following are some of the consequences of regional imbalances in India:

**1. Inter - States and Intra State Agitations:** Uneven regional development or regional imbalances lead to several agitations with in a State or between the States. **The erstwhile combined State of Andhra Pradesh can be sited as the best example of the consequences of intra - state regional imbalance in terms of development, which has lead to several agitations for separate Telangana State for several decades from 1969 – 2014 finally it is**

**formed as a separate State on 2 – 06 – 2014 as 29<sup>th</sup> State of India.** Still there are agitations for separate Vidhrbha State in Maharashtra and Bodoland movement in Assam for separate Bodo State for Bodos. **The below mentioned two tables related to HDI Ranks of Telangana Region Districts and HDI Ranks of Seemaandhra Region Districts in the combined State of AP clearly depicts the real picture of regional imbalance development.**

**Table – (5) HDI Ranks of Telangana Region Districts:**

S. No.	Name of the Districts	HDI Rank
1	Hyderabad	1
2	Ranga Reddy	5
3	Warangal	18
4	Adilabad	16
5	Nalgonda	17
6	Karimnagar	8
7	Khammam	10
8	Mahabubnagar	22
9	Medak	13
10	Nizamabd	14

**Table – (6) HDI Ranks of Seemaandhra Region Districts:**

S. No.	Name of the Districts	HDI Rank
1	Krishna	2
2	Guntur	3
3	Nellore	4
4	Chittore	6
5	West Godavari	7
6	East Godavari	11
7	Prakasam	12
8	Kadapa	9
9	Vishakhapatnam	15
10	Anantpur	19
11	Kurnool	20
12	Viziaanagaram	23
13	Srikakulam	21

**Source:** Computed using Economic Survey of Andhra Pradesh 2005-06 for Per Capita District Income; Census data for Adult Literacy and School Attendance; and Irudaya Rajan’s Study for Infant Mortality Rates.

**Analysis:** If we observe the above tables - 5 & 6, it is clear that the HDI Ranks of most of the Seemaandhra Region Districts are far better than Telangana Region Districts. **Telangana Region had only 3 districts namely Hyderabad, Ranga Reddy and Karimnagar with in 10 HDI Ranks. Whereas, Seemaandhra Region had 6 districts (i.e. double the districts than**

**the Telangana had with in 10 HDI Ranks), namely Krishna, Guntur, Nellore, Chittore, West Godavari, and Kadapa. Thus, this is the best example of intra – state regional imbalances which had resulted and lead to several long agitations for separate Telangana State from 1969 – 2014 till finally, it was formed on 2<sup>nd</sup> June, 2014 as 29<sup>th</sup> State of India. Still now and then, there are are agitations for separate Vidhrbha State in Maharashtra and Bodoland movement in Assam for separate Bodo State for Bodos.**

**2. Migration:** Migration takes from backward areas to the developed areas in search livelihood. For example, migration from rural to urban. Because, urban areas will provide better quality of life and more job opportunities when compared to rural.

**3. Social Unrest:** Differences in prosperity and development leads to friction between different sections of the society causing social unrest. For example Naxalism. Naxalites in India function in areas which have been neglected for long time for want of development and economic prosperity.

**4. Pollution:** Centralization of industrial development at one place leads to air and sound pollution.

**5. Housing, Water Problem:** Establishment of several industries at one place leads to shortage of houses as a result rental charges will increase abnormally. For example, Mumbai, New Delhi, Chennai and Hyderabad and over population leads to water crisis.

**6. Frustration among Rural Youth:** In the absence of employment opportunities in rural and backward areas leads to frustration especially among educated youth.

**7. Under – Developed Infrastructure:** Rural and backward areas do not have 24 hours power, proper houses, safe drinking water, sanitation, hospitals, doctors, telephone and internet facilities.

**8. Aggregation of the imbalance:** Once an area is prosperous and has adequate infrastructure for development, more investments pour-in neglecting the less developed regions. So an area which is already prosperous develops further. For examples, the rate of growth of the metropolitan cities like Mumbai, Delhi, Kolkata, Chennai, Bangalore and Hyderabad is higher compared to other metro cities of India.

### **Suggestions:**

**1. Identification of the Backward Areas and Allocation of funds:** First of all, government must identify all the backward areas within the country and special attention should be paid by preparing and implementing special plans and models suited to these for the overall development. Due care also to be taken by allotting sufficient funds.

**2. Need for Investments in Backward Areas:** Government and the private sector must realize that regional disparities can be removed only, if greater attention is paid towards backward areas,

which need more investments. It is also important to formulate special policies and programmes for the development of backward areas like - north- eastern regions.

**3. Good Governance:** Good governance refers to equitable distribution of the gains of development to all the regions without any prejudice so that over all development takes place in a country. Thus, the better the governance, the less would be the disparities in country.

**4. Political Will:** Political will is vital for the balanced regional development i.e. to remove regional imbalances in a country.

**5. Incentives:** Incentives should be provided for promoting investments in the backward regions. Incentives may be broadly divided in to (a) **Central Government Incentives** (b) **State Government Incentives**.

(a). **Central Government Incentives: Income Tax Concession, Tax Holiday , Central Investment Subsidy Scheme, Transport Subsidy Scheme should be provided to all the identified backward and Hill areas to correct the regional imbalances.**

(b) **State Government Incentives:** In order to attract private sector investment in backward regions, the State Governments have also been offering several incentives in different forms. **The State Governments should review all these schemes time to time for further development of their backward regions.**

**6. Promoting New Financial Institution in Backward Region:** In order to accelerate the pace of industrialization in backward areas, the Government of India should promote new financial institutions. **Government must see that these Institutions functional well for all round development of the backward areas.**

**7. Setting Up of Regional Boards: As per Article 321 D of Indian Constitution, Regional Boards with necessary legal powers, funds should be instituted to remove regional disparities in the States.**

**8. Growth Corridors** comprised of education zones, agricultural zones and industrial zones should be operationalised for the rapid development of backward areas in the states.

**9. Strict restrictions on usage of productive agricultural lands** for non-agricultural purposes to be implemented. If required, permissions for non-agricultural usage should be granted only after the farmers have been guaranteed a better life.

**10. Usage of natural resources** for the development of tribal areas to be implemented. There should be guaranteed share for the tribals in the income generated from the use of natural resources.

**11. A composite criteria** for identifying backward areas (with the Mandal/Block as a unit) based on indicators of human development including poverty, literacy and infant mortality rates, along with indices of social and economic infrastructure should be developed by the NITI Aayog.

**12. Devolution of funds:** Union and State Governments should adopt a formula for Mandal/Block-wise devolution of funds targeted at more backward areas.

**13. Strengthening of local governments and making them responsible and accountable.**

**14. A system of rewarding States** (including developed States) achieving significant reduction in intra-State disparities should be introduced.

**15. Additional funds for Infrastructure:** Additional funds need to be provided to build core infrastructure at the inter-district level in less developed States and backward regions. The quantum of assistance should be made proportionate to the number of people living in such areas.

**16. Greater share of central pool of funds** should be allocated to backward states.

**17. Provision of Grant-in-aid** by the Central Government to the backward states.

**18. Launching of Special Area Programmes** like Desert Development Programme, Drought Prone Area Programme, etc.

**19. Propagation and use of improved dry farming technology.**

**20. Provision of infrastructural facilities in backward districts.**

**21. Development of forward and backward linkages in the backward regions.**

**22. Special grants are to be given to the backward and tribal areas.**

**23. Schools to be opened** providing free and compulsory education to remove illiteracy.

**24. Hospitals and dispensaries to be set up** to give medical care to the people.

**25. Water facilities to be provided for domestic purposes and agriculture.**

**26. Cottage and small industries are to be promoted to provide employment opportunities.**

**27. Roads and railway lines have to be laid down to link different places.**

**28. Shedding Caste and Religion politics and marching towards “Balanced Regional Development”** is the need of the hour to reduce “Regional Imbalances in India”.

**29. Government must speedup developmental works in backward areas:** In the next few days to come the government must swing into action to free up blocked investment and projects. It must work with the relevant ministries and courts. If norms have been violated and fines need to be imposed, or if additional environment standards need to be imposed the government must



get that done as soon as possible. If developmental works are not implemented with speed, especially in backward areas, they remain backward and regional disparities will increase further. **Conclusion:** Regional imbalance is a threat to the goal of inclusive growth and reduction of poverty. The growing regional disparities have dampened the speed of further economic reforms, and hence may pose a barrier to India's future economic growth. Regional disparities will result in regional tensions, which in turn may lead to popular agitations and at some times militant activities also. Regional disparities in economic and social development which exist within some of the States due to the neglect of certain backward regions have created and creating demand for separate States like in the past for separate Telangana and now and then for Vidhrbha and for Bodo land. As such, there is a strong need for strengthening of good governance in the backward areas. Towards this end, it is necessary that the local bodies in the backward areas are empowered and strengthened to reduce the regional imbalances in the country.

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