

## Social And Economic Disparities In India: An Inter - Regional Analysis

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### ABSTRACT

India is a very diverse country and is divided into many states and regions. The factors, that originate are most significant for the overall growth process, relate to basic requirements of schooling, availability of food, minimum purchasing power and facilities like safe drinking water, health care infrastructure, better transport and many others to attain true sense of development. The government has to take necessary actions to improve the economic and social status across the nation without any biasness. Besides this the states are marked with wide disparity in socio-economic development. Various policies have been floated time and again to reduce these regional disparities. But the ongoing economic growth had proved to be a huge stumbling block in the reform process. However, recent outburst against inequality in developed countries, which followed the global financial crisis, has put the economic disparity at the forefront in economic debate worldwide. Further, India as a republic being **75 years** old has seen both good times and periods of turbulence. These years have seen the development of a lively democracy and society where Indians have achieved excellence in the various fields. But the comparative performance of individual states has become one of most important areas of research. Given the regional disparities in India, a study of Indian states is important if the country has to develop economically in a balanced way. This study relates to an analysis of the social and economic indicators in the process of inter-regional disparities in India.

**Keywords:** Inter-Regional Disparities, Comparative Performance, Economic and Social Indicators

### INTRODUCTION:-

Development involves multidimensional aspects. Level of per capital income, health and education status, degree of women empowerment, status of employment and urbanization are the some most important aspects which are covered by policymakers/ government of any country. Since Independence, the face of Indian government is of a welfare state. For this the government has launched five year plans from 1951 till 2017. These years have seen the development of democratic India, where India achieved excellent results in every field, like that of Medical, Astronomy, R & D, Industry, Defense, etc. Thus, the tremendous and coordinated efforts of the Government of India have improved the economic and social status of the Indian society as a whole. Rising production of agricultural and industrial goods, reduction in poverty, rapid modernization, huge urbanization and many more improvements in growth indicators are evidence of story of development of India. However, there are some constraints experienced by the government which have restricted the potential development efforts. Regional disparities, rapid population growth rate and unplanned urbanization are major drawbacks of economic growth faced by India. However, regional disparity in economic development is one of the common features found all over the world today. Regional disparity denotes regional imbalances or regional dualism or growth differentiation. The majority of the poor people lives in rural areas and belongs to the category of landless labourers and the land continues to be highly inequitably distributed (**Agrawal, 1991**). On the other hand, underemployment and unemployment are standard features of urban life. According to the government data (**Department of Social Justice & Empowerment**), the rural population mostly below the poverty line in some of the relatively economically

developed states is about **6.4 per cent (Delhi)**, while in some of the other states like **Orissa**; it is more than **46.8 per cent**. The government of India has also taken several states to remove these disparities, but the efforts taken to reduce regional disparities were not only deficient but the attainments were also not appropriate in line with these efforts. Substantial level of regional disparities still continues at the end of the seventies. The enhanced economic growth since the early eighties appeared to have forced regional disparities (**Parveen, 2016**). After reform of 1991, there are many steps which have been taken by the Indian Government for stabilization of the regional equality and economic balance but have not yet witnessed any remarkable results.

Hence, there is an urgent need to explore the disparities among the state and region in term of the status of education, health, GDP, consumption, employment rate and infrastructure. All these segments require special attention and huge resources are required of both public and private sectors, for removing these disparities and stabilize the equality among the Indian states.

In this regard, the Indian government should take the responsibility and revise the rules and regulations according to the particular economic situation for achieving the objective to maintain sustainable growth with economic equality and social justice. Thus this is the responsibility of the academia to examine the effectiveness and performance of macro-economic indicators that are explaining the regional disparities in Indian economy.

#### REVIEW OF LITERATURE:-

In the academic world, there are a number of studies available which provide a better understanding of different macro-economic dimensions of inter-regional disparities in India with socio-economic development. The present paper attempts to provide the clear cut understanding about inter-regional disparities in India by evaluating the existing literature. According to **Abhiman, (2004)**, the states in India are marked with wide disparity in socio-economic development. Some states are better-off in terms of economic development, while states like Kerala and Tamil Nadu have recorded remarkable social progress. The condition of **BIMARU** states, on the other hand, is the result of incessant public neglect of the same opportunities. Thus the overall results clearly stress that economic reforms alone are not sufficient for overall development unless it is accompanied by social and political commitments. **Chand & Puri (1983)** commented on the method of Finance Commission for dividing the share of tax revenue and grant-in-aids among the states. They concluded that the method of Commission is benefitting the richer states and not to poorer state in both terms. **Rana (1997)** analyzed the inter-state disparities on the basis of large number of social, economic, and infrastructural factors during the period 1971-95. Coefficient of variation figures worked out for selected indicators reveal that the inter-state disparities widened in terms of economic indicators and the disparities reduced in social and infrastructural sector over time. **Aiyer (2001)** analyzed the time series during the period of 1971 to 1996 for examine the inter-state disparities and concluded that before reform there was absolute convergence seen in term of equality, but after reform the data shown rapid growing disparities among states. **Mallikarjun (2002)** attempted to measure regional disparities at sub regional levels in **Andhra Pradesh**. Three alternating methods for the construction of composite index of development were used considering 50 developmental indicators divided into nine sectors. It was observed that there were significant differences across districts in each sub region but intra-regional differences were insignificant.

**The National Human Development Report (2002)** reveals vast differences in human development and poverty between the States of India in 1981. The report also notes that disparities amongst the States with respect to human poverty are quite striking. **Murgai (2016)** concluded that after reform its poverty declined but inequality has increased. **Rajan & Umar (2021)** revealed that India has experienced higher growth rates after reform period but have also experienced widened regional disparities. The production shares have also shifted from primary to tertiary sector, where as the share of industrial sector remain almost the same and thus the government should create new opportunities for the development of primary sector, which will reduce poverty, economic inequality and enhance the balanced economic growth with social justice. **Bhattacharya and Sakthivel (2004)** found that Indian states were diverging in per capita Gross State Domestic Product (GSDP) but converging in shares of different sectors in the GSDP. The divergence between the states mainly occurred due to the agriculture sector and least in terms of infrastructure development. Although the Indian economy has experienced a slow growth in gross domestic product (GDP) in the post-reform period and at the same time regional disparities in the form of SDP has increased among the states of India (**Aneja & Bishnoi, 2009**). Further, **Galor & Moav (2004)** found that higher inequality leads to the lower growth by grudging the ability of lower income groups and increases the ability of higher income groups to stay healthy and accumulate physical and human capital. **Saha (2018)** in his paper has found out the spatial variation in the level of socio-economic development of kochbihar district of North eastern West Bengal and suggested that effective economic and social policies should be adopted which would help to eliminate the issue of regional disparity and develop the lagging areas. After reviewing the existed literature, it has been found that after economic reforms, the Indian economy is growing rapidly but it is also bearing some major challenges, like that of inter-state economic disparities which will interrupt the speed of

development in future. So, there is a need to make the planning more effective and innovative for achieving the sustainable growth with economic equality and enhancing the quality of life of every section of economy.

#### SIGNIFICANCE OF PROBLEM:-

After the review of the aforesaid literature, it is clear that economic development is a multidimensional aspect. The social and institutional developments are both required for enhancing the quality of life and socio-economic upliftment of society. However, the inter-regional disparities are of mixed nature. The most reasonable factors are Gross State Domestic Product (GSDP), Human Development Index (HDI), and status of health & education facilities which are remarked for explaining the economic and social disparities. So, there is a need to conduct an analysis for explaining the inter-state disparities which will be scientific and effective.

#### OBJECTIVES OF THE STUDY:-

In this paper it is aimed to evaluate and explain the regional disparities in the respect of the socio-economic indicators of Indian economy amongst various states to find out if they are on a convergence course or promote divergence. This paper also tries to compare human development and other economic indices for various states in India and investigates if there has been any reduction in disparities over the past decade.

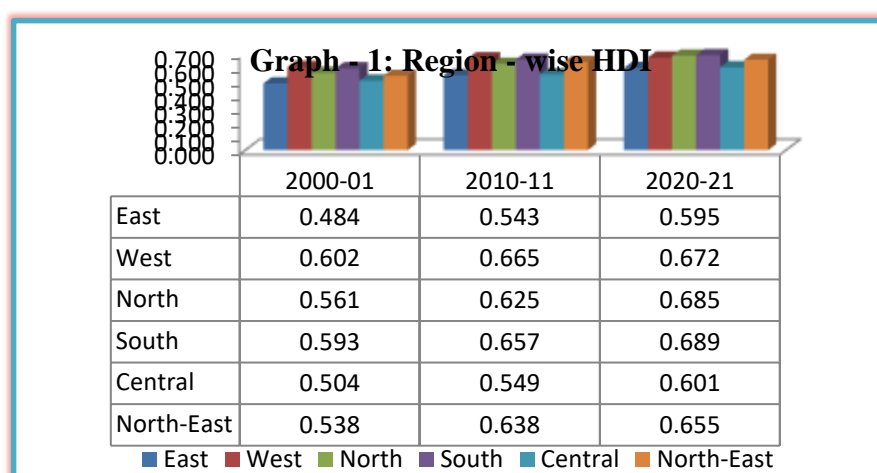
#### DATA AND METHODOLOGY:

The present study is intended to assess the regional disparity with respect to importance of social and economic indicators of the Indian economy. The study is based on the secondary data and three most important economic indicators namely education, health and income are the main concern of the present study. Advance statistical tools were used for analysis. For the simplicity of our analysis, all the States and Union Territories of India have been divided into **six** regions.

Sl. No.	Region	States/Union Territories
1.	East	Bihar, Jharkhand, Orissa and West Bengal
2.	West	Goa, Gujarat, Maharashtra, Dadar & Nagar Haveli and Daman & Diu
3.	North	Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand, Chandigarh and Delhi
4.	South	Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Lakshadweep, Telangana and Pondicherry
5.	Central	Chhattisgarh and Madhya Pradesh
6.	North-East	Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Andaman & Nicobar Islands

#### OBSERVATIONS & FINDINGS:-

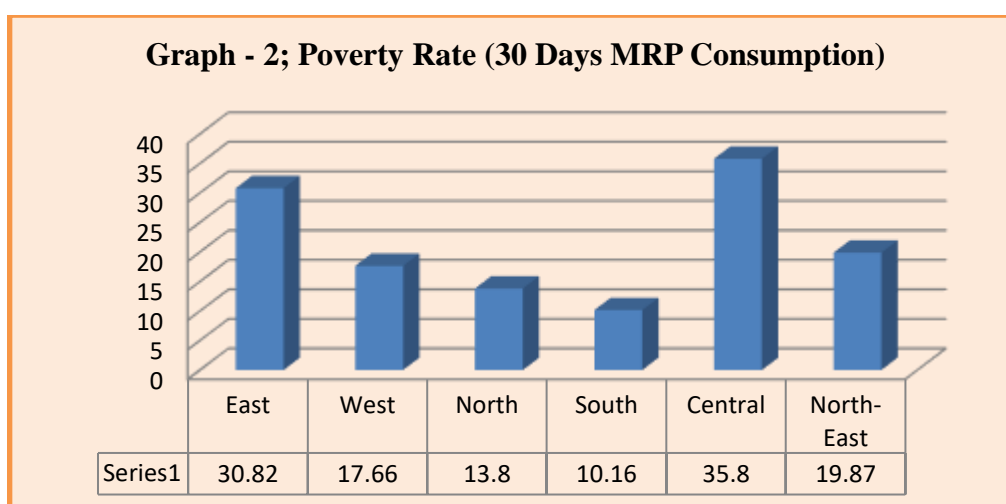
There are a number of indicators available which could draw a clear view about inter-regional disparities in India. However, for the sake of simplicity, we have started our analysis by giving the **Region-wise Human Development Index** (by averaging the state HDI) which has been estimated by National Statistical Commission (NSC) in India for the following years (**2000-01, 2010-11 & 2020-21**).



Graph -1, reports that west region is marked showing high HDI rather than other region in 2000-01 as well as in 2010-11, but in 2020-21 it came down at 3<sup>rd</sup> place which reflects the failure of institutional coordination. The south region has recorded as highest score among all regions in India. Further, we can explain the growth disparities by calculating the **Range** for all three session among all regions from 2000-01 to 2010-11; the range value is rising (0.118 & 0.122 respectively) but reducing for 2020-21 (0.094) which explains the falling regional disparities in India with the term of **HDI**. Further, down the ages, education has remained an important component of economic development across the world. Indian society has also proud history with regard to the education. So, we are also analyzing the literacy percentage among pre-determined **six** regions. The following **Table – 1**; indicates that average percentage of literacy rate of the States/UTs in India. The South region scored highest percentage of literacy rate from 1991 to 2011 (according to census data), whereas, Central region has lowest rate of literacy rate. While working out the disparities in literacy rate among region, it was found that the range is decreasing over the time which indicates the tremendous effort of state as well as central government towards education of all policy.

<b>TABLE – 1; REGION-WISE LITERACY RATE (IN PERCENTAGE OF POPULATION)</b>			
<b>REGION</b>	<b>1991</b>	<b>2001</b>	<b>2011</b>
<b>EAST</b>	46.42	<b>58.07</b>	<b>69.34</b>
<b>WEST</b>	62.72	72.77	82.48
<b>NORTH</b>	53.72	70.13	77.51
<b>SOUTH</b>	<b>68.19</b>	<b>76.55</b>	<b>82.36</b>
<b>CENTRAL</b>	<b>43.79</b>	64.20	<b>69.80</b>
<b>NORTH-EAST</b>	59.75	69.93	79.46
<b>RANGE (HIGHEST VALUE – LOWEST VALUE)</b>	<b>24.40</b>	<b>18.48</b>	<b>12.56</b>
<b>Source: RBI Handbooks of Statistics on India State</b>			

After literacy rate, we wish to discuss the status of poverty percentage (**30 day MRP consumption**) for the year **2011-12**. For this purpose, we have analyzed the data which has been collected form **RBI Handbooks of Statistics on India State**. The data shows that Central and East region of country have higher percentage of poor people whereas north region has performed well to reduce poverty. However, there are huge disparities shown in poverty status among regions which is not a good sign for the development process of the country.



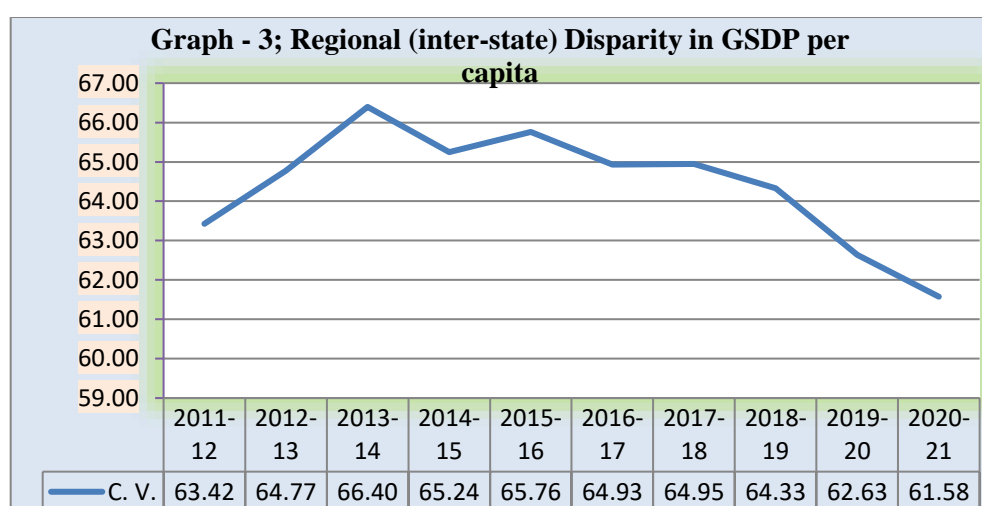
Here we can also analyse the Multidimensional Poverty Index (**MPI**) which was introduced by the Oxford Poverty & Human Development Initiative (**OPHI**) and the United Nations Development Programme (**UNDP**). The **MPIs** of Indian States/UTs is shown in Table no. 2. The following table shows that **East** and **North-East** region have very high index, whereas **South** and **West** region scored very less index which expressed higher disparities.

<b>TABLE – 2; PERCENTAGE OF POPULATION LIVING BELOW THE</b>						
<b>MULTIDIMENSIONAL POVERTY INDEX (MPI)</b>						<b>(IN 2023)</b>
<b>REGION</b>	<b>EAST</b>	<b>WEST</b>	<b>NORTH</b>	<b>SOUTH</b>	<b>CENTRAL</b>	<b>NORTH-EAST</b>
<b>PERCENTAGE (AVERAGE)</b>	<b>22.54</b>	7.75	<b>8.49</b>	3.46	<b>11.97</b>	<b>18.50</b>

Now, we have to look the unemployment status among the regions in India. The following table – 3 indicates that in the year 2004-05, the **South Region** part is having highest unemployment status in both rural and urban and **Central Region** stand with lowest unemployment status, but scenario has changed in upcoming years. In 2011-12, the highest unemployment rate is found in **North-east Region** and **Central Region** has the lowest rural unemployment rate and urban unemployment rate belongs towards **West Region**. The table revealed that the regional disparities in unemployment rate are going declining from 2011-12 to 2020-21.

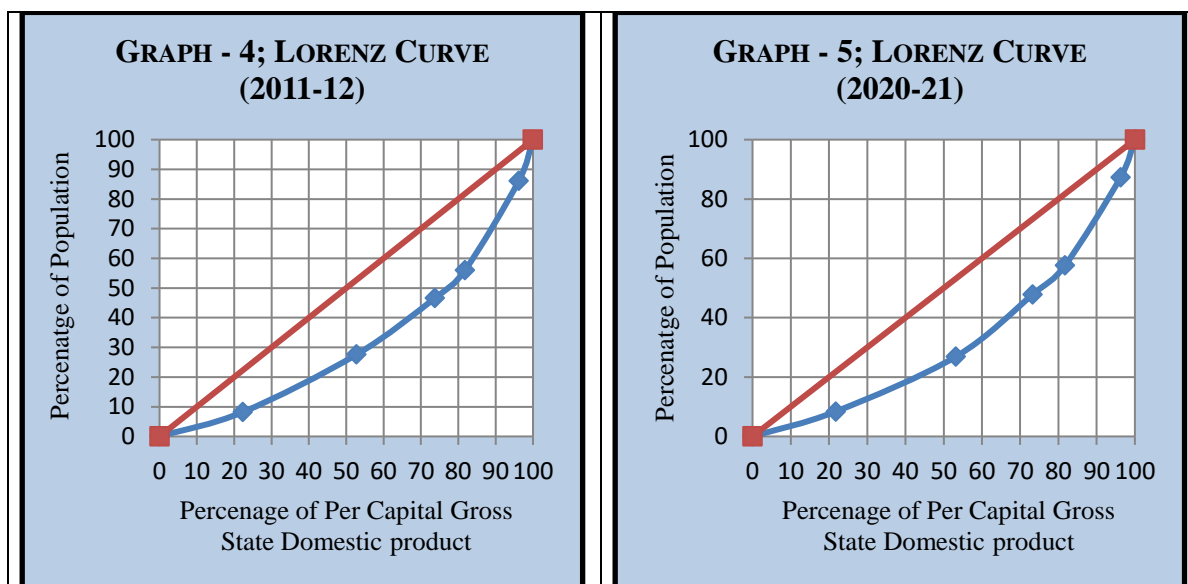
TABLE – 3; REGION – WISE UNEMPLOYMENT RATE (OVERALL=RURAL + URBAN) (PER THOUSAND)							
Sl. No.	Region	2004-05		2011-12		2020-21	
		Rural	Urban	Rural	Urban	Rural	Urban
1.	East	26	81	26	48	36	78
2.	<b>West</b>	32	41	18	21	46	64
3.	North	20	44	27	47	44	84
4.	<b>South</b>	<b>46</b>	<b>90</b>	46	42	47	85
5.	Central	6	32	6	35	15	55
6.	<b>North-East</b>	32	73	<b>48</b>	<b>95</b>	<b>49</b>	<b>91</b>
<b>Range (High Value- Low Value)</b>		<b>40</b>	<b>58</b>	<b>42</b>	<b>74</b>	<b>34</b>	<b>36</b>
Source: RBI Handbooks of Statistics on India State							

A step forward, we are also examining the status of absolute level of income which is directly associated with the health of any economy. Income is an essential component of improving living standards of the population and to minimize the absolute poverty. In India, the distribution of income is unequal across the different groups of population and different regions due to unequal distribution of sources of income. Hence, there is need to explore the disparities in income against inter-regional and intra-regional. Regional (inter-state) inequality in per capita Gross State Domestic Product (**GSDP**) is noted to have gone up significantly during the past couple of decades. The present study has used gini-coefficient, coefficient of variation and Lorenz curve for fulfilling the objectives. **Per Capita Net State Domestic Product (Constant Prices)** and **Population Data** which are used for analyzing data collected by National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India and Office of Registrar General of India respectively. For this purpose, we will start with analysis of GSDP per capita through coefficient of variance. The result is producing in the following **Graph – 3**.



The regional disparity in GSDP per capita was growing from 2011-12 to 2013-14 and further up and down from 2013-14 to 2017-18. The data shows that after 2017-18 the Coefficient of Variance has declined which proved the tendency of decreasing regional disparity in India. Further, for going to our deep analysis, we have used the Lorenz curve for the economic year 2011-12 and 2020-21. The **graphs 4 and 5**, explain that the Lorenz curves are same in both economic years which explains that regional disparity are approximately constant. We can also verify our result through gini-coefficient.





However, for the simplicity, we will calculate the gini-coefficient for inter-region as well as intra-region that will explain our result more appropriately.

TABLE – 4; INTER AND INTRA REGION INCOME DISPARITIES				REMARKS
1. INTER – REGIONAL DISPARITIES :-				
SESSION	GINI-COEFFICIENT	SESSION	GINI-COEFFICIENT	
2011-12	0.359	2020-21	0.351	ALMOST CONSTANT (BUT DECREASING)
2. INTRA – REGIONAL DISPARITIES :-				REMARKS
SESSION (2011-12)		SESSION (2020-21)		
REGION	GINI-COEFFICIENT	REGION	GINI-COEFFICIENT	
EAST	0.353	EAST	0.349	DECREASING
WEST	0.622	WEST	0.588	DECREASING
NORTH	0.757	NORTH	0.762	INCREASING
SOUTH	0.420	SOUTH	0.295	DECREASING
NORTH-EAST	0.767	NORTH-EAST	0.795	INCREASING
CENTRAL	0.150	CENTRAL	0.188	INCREASING

The gini-coefficients of inter-regional income inequality for both economic years are having almost same but reduced value (**0.359** and **0.351** respectively) which has been justified by our previous finding of decline income inequality among regions in India. Although if we look at the intra-regional (among states under each regions), then we find an interesting solution. The three regions (**East, West and South**) have witnessed decreasing gini-coefficient from 2011-12 to 2020-21, which are having approximately 57 percent of country's population. While, other three important regions (**20 State/ UTs**) are having rising income inequality which have been reported in the **Table – 4** in the form of gini-coefficient.

#### CONCLUSIONS & SUGGESTIONS:-

The present study has been undertaken to analyse the regional disparities in India on macroeconomic variables of status of health, education and income. The present study analyzed that the **West** and **South** regions performed well to maintain the upper level of life expectancy, higher level of literacy rate as well as the wealth concentration. The State HDI index has been demonstrated in our statement. Further, the after 2004-05, the disparities against HDI are gradually falling. The same scenario has been observed in the term of life expectancy. The North, South and West region has been marked with low level of poverty in the comparison to rest of regions committed in the term of poverty rate (30 days MRP) as well as **Multidimensional Poverty Index (MPI)**. From the side of unemployment the data produced the same result of declining trend of regional disparity. The income inequality among region was almost stable from the period 2010-11 to 2020-21, which have been analyzed and verified by statistical techniques (Coefficient of Variance, Lorenz Curve and Gini-coefficient), but the intra-regional disparity have reported decline (**East, West** and **South**) or increase (**North, Central** and **North-east**) which is hampering the growth process of India with objective of economic equality and social justice.

Regional variations in favour of economic and social indicators are the major hurdle in terms of attaining overall economic development in India. Thus, there lies the need to improve the development policies for coming years to maximize the overall economic welfare of India which can be attained by all. It will not be wrong to state that there is the need to channelize and modify the public welfare policies for the systematic reduction of regional disparities amongst the Indian states, and thereby breaking this vicious circle and thus exhibiting significant improvements in inequality.

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