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Analysis Of Regional Imbalances And Types Of Economic Disparities In India

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ABSTRACT:
All the countries of the world developed in equally. Some countries are highly developed economically and some other countries are still developing and some more are under developed. Several factors are responsible for such variations among the nations besides political factors as mentioned in the study. Basically it depends on the matrix of factors which have cause and effect relationship one another. The problem of regional imbalances is highly critical for almost all the countries of the world. There have always existed a variety of inter-regional and inter-state variations in terms of all macro indices linked with economic and social issues. There is what is known as 'declining areas' or 'special areas' within the frontiers of each country. These typical areas qualify for special government assistance to uplift them from a state of stagnation or near stagnation, resulting from local unemployment, industrial imbalance, declining industries, over-population, and a variety of other economic and social 'pulling' factors. India acquired under development from the Britishers who ruled the country for several years. The Britishers did not encourage industrial development in India intentionally during their regime. The Britishers utilized India as the raw material supplier for their industries. Thus India used to supply raw materials for British and used to import the finished products. The economic development of a particular region is measured based on per capita income, gross state domestic product, poverty, unemployment, etc.

Key words: Industrial imbalance, declining industries

INTRODUCTION:

Indian economy has been experiencing an average annual rate of growth of around 6 per cent since the early 1980s. Though, moderate compared to the performance of several east Asian economies during the same period, this was quite impressive compared to the performance of Indian economy during the preceding three decades when the average growth logged 3.5 per cent per annum. In terms of per capita income, the improvement has been even more remarkable - around 4 per cent per annum in the recent period as compared to less than 1.5 per cent in the earlier period. Further, during the recent period, there has been a steady acceleration in the growth performance over the years. The average compound growth per annum was 5.7 per cent during the Sixth Five Year Plan (1980-85), 6.0 per cent during the Seventh Plan (1985-90) and 6.6 per cent during the Eighth Plan (1992-97). While the growth rate dropped to 3.1 per cent during the two year period 1990-92 in the wake of international payment crisis and the introduction of major economic reforms, the growth process picked up fast in the subsequent years. Indeed, the growth averaged about 7.5 per cent during the three year period ending 1996-97 which is impressive by any standards. The growth rate was somewhat lower in the subsequent two years. In contrast to stagnation/negative growth of most of the east Asian economies India's performance, however, is remarkable.

In India, Bihar, Orissa, Rajasthan, Madhya Pradesh, and Uttar Pradesh, north eastern states are comparatively backward economically when compared to the remaining states. Maharashtra, Gujarat, Tamilnadu, and Punjab are comparatively highly developed. In Andhra Pradesh state, there are three regions namely the coastal region, the rayalaseema region and the telengana region. Among these three regions, the telangana is most backward due to lack of resources, negligence by successive governments, poor quality of infrastructural facilities, etc. One of the serious problems faced by India's economy is the alarming growth rate of regional differences among India's different states and territories in terms of per capita income, socio-economic development, poverty and availability of infrastructure. Economic disparity is easily visible in the country by the fact that this is reflected 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%). Economic disparity in India can be compared by the fact that growth rates of the states of the single country varies to the greater extent. 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%).

Nature has created difference among people, among regions and among situations. These differences are known as natural differences and are taken generally as granted. The conditions of these natural differences are also called as constraints. However, man has always made efforts to minimize these constraints to advance on the path of development. On the other hand the differences created by man on account of social, economic, political, religious and cultural aspects are called not as differences but inequalities or disparities. These disparities are called respectively as social, economic, political, religious and cultural disparities. Among all the economic disparities are critical in nature and are the issue of great concern in the modern world. Economic disparities help other disparities be widened. Therefore, if economic disparities are mitigated, other disparities are automatically narrowed. An economic disparity can be defined as a condition in which a person or persons though legally having equal rights is or are but for economic reasons deprived to some extent from available opportunities of fulfilling economic, social, political, cultural and/or religious needs.

As regards to India, the history of economic disparities goes back to the British rule. The British government in India developed those regions which were important for them on economic and administrative grounds while rest of the regions were left neglected. Big industrial cities were developed at sea shores and education opportunities were developed in the nearby areas to fulfill the need of cheap manpower. They developed canal irrigation but only in those areas where agricultural land was fertile. They supported social elites and rich families (economic elites) for seeking help in administration and keeping firm grip on the general mass. These elites acted to a considerable extent as agents of British rule and grabbed wealth and resources by exploiting the general mass on account of the support and some special rights provided to them by the government. This created severe economic disparities and as a result thereof the already existing other disparities also got impetus. Thus at the time of independence India was characterised by different types of disparities. Through the planned economic development since 1951 India has though succeeded in mitigating a few types of socio-cultural disparities to some extent but the economic disparities became more widened instead of being mitigated during the plan period. The ratio of the minimum and the maximum income and wealth stands risen even above the level of one to hundred fifty (1: 150) in India. The poor majority in remote countryside is leading life at hardly a subsistence level while there are numerous cases of dwelling only two or sometimes three persons but with five to ten servants, two to four luxury cars, two to four dogs along with some other pets and three to six telephone connections in a single but big villa with all sophisticated luxurious amenities in posh colonies of metropolitan cities. Eastern Uttar Pradesh has only traces of industrialization while Western Uttar Pradesh is covered with the polluted smoke coming out from the chimneys of industrial herds. People in the middle hilly north are walking on foot six to ten kilo meters (on an average) daily to reach destinations while a wide area of planes is polluted by the smoke of traffic running fast on highways, roads and link-roads even around the rural villages. The rural youths are struggling for the nominal fees to get access to education even in the government aided rural colleges lacking in resources while the children of urban prosperous minority are simply passing the classes in five star self financing urban institutes and that too on the basis of costly tuitions. According to a survey for the year 2009 the per year consumption of gold is 800 tones out of which 600 tones is used for jewellery while per capita income in India is only Rs. 38000/ - per year and only 3% of the people pay income tax regularly and systematically. The prevailing price of gold (near about Rs. 18000/ - per 10 grams.) makes the amount spent towards gold for jewellery quite big and indicates that great many portion of this amount is financed by black money. Near about 700 million people earn even less than Rs. 30/- daily, 300 million people are earning more than Rs. 20 million per year, 390 million people are still living below the poverty line, 600 million are drinking impure water, 350 million are deprived from the primary education, 620 million are without their own house, 150 million people have a wealth worth more than Rs. 10 million each, 24 persons have acquired a wealth in the multiple of a billion of rupees each, daily 200 million people sleep on footpath in cities, average yearly income of the persons engaged in politics is Rs. 0.9 million, only 150 million people spend Rs. 500 million per year towards bottled drinking water, 15 million people live in hotels instead of their houses and 70 million persons have more than one house to live.

IMPACT OF REGIONAL DISPARITIES IN INDIA:

There has been a continuous debate over globalization, income inequalities and regional disparities in India. Globalization and income inequality Although globalization has led to the economic development in the country, it has not really helped to minimize income inequalities across the country. Recent surveys say that lots of people across the country still live below the poverty line and their standard of living has gone down considerably. In fact, the poverty level in India is much more than that of China. One of the main causes of poverty in India is income inequality. While the effects of globalization, economic liberalization and market growth are being felt in the cities and urban sectors across the country, most of the rural areas are still not so developed and the condition has also not significantly improved.

A significant portion of the rural mass does not have access to the basic amenities such as electricity, education, sanitation, drinking water, and infrastructure. The wealth distribution pattern is also uneven in the country. Recent surveys have shown that the top 10% of the income groups share around 33% of the total income of the country. Even after globalization and economic progress, around a quarter of the population of the country has a earning less than the minimum level of $0.40 per day.

TYPES OF ECONOMIC DISPARITIES IN INDIA:

Despite various remedial measures taken by the government through its fiscal policy and by the central bank (the Reserve Bank of India) through its monetary policy Indian economy is still trapped in different inextricable and interwoven types of economic disparities as given below.

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. 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.

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 regarding education or future welfare of the child droop before the agony of unsatisfied basic needs due to privation.

REGIONAL DEVELOPMENT DISPARITY:

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.

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. Thus the village industries were shattered and the villages were ruined on account of the acute shortage of energetic workforce, service centers, infrastructure, intellectuals etc. emerged there due to the rural-urban migration.

TECHNOLOGY DISPARITY:

The multinational companies and the heavy industries of private sector are running with modern technology and earning large abnormal profits while almost all small and cottage industries along with the industries of the public sector are running either with normal profits or even loss. A number of public sector industries with loss are still running only because of some political strategy of the government or the public pressure.

CREDIT DISPARITY:

The (central and state) governments in their fiscal policies and RBI (Reserve Bank of India) in its credit control have been talking quite loudly about subsidies, rural credit, agricultural credit, small and cottage industrial finance and credit to poor mass. The statistics also show quite big amounts. But the story of resultant effects remained different. The great many part of the subsidies was grabbed by undeserving socio-economic and political elites on the basis of false poverty documents and fake small or cottage industrial units. Thus the actually needy persons and small or cottage industrial units went on sustaining the lack of subsidy and credit facilities.

GROWTH AND REGIONAL DISPARITIES:

India saw an annual growth rate of GDP (Gross Domestic Product) of only 3.6% during the 3 decades, post-independence. Its a growth of only 1.4% in terms of per capita. The economy of the country only moved towards higher growth trajectory during 1980s, when it saw a growth rate of 5.4%. The growth rate of GDP soared up to 7.3% by 2013-14, whereas the per capita GDP saw a growth of 5.7%. Due to sufficient foreign exchange reserves, moderate inflation, stable exchange rates and adequate food stocks, the country achieved a sustainable growth rate.

However, the gross state domestic product growth rates largely varied between states in India. The states like Assam, Uttar Pradesh, Madhya Pradesh and Bihar saw a growth rate of less than 7.5% in pre and post reform period. On the other hand, states like Andhra Pradesh, Tamil Nadu, Gujarat, Karnataka, Haryana saw a growth rate of less than 7.5% during 2005-2010, which improved considerably during 2005-2014.

Table-1
GROWTH AND REGIONAL DISPARITIES

States	GSDP		Per Capita GSDP	
	2005-2010	2010-2014	2000-2010	2010-2014
Andhra Pradesh	7.72	6.53	3.50	5.41
Assam	3.98	3.54	1.75	2.14
Bihar	3.41	4.73	1.23	5.26
Gujarat	6.77	7.10	4.74	5.30
Haryana	5.75	6.98	3.24	4.81
Karnataka	5.57	6.88	3.59	5.50
Kerala	3.82	6.28	2.44	5.51
Madhya Pradesh	4.49	4.91	2.07	6.00
Maharashtra	6.32	6.17	3.97	4.42
Orissa	3.67	5.53	1.80	4.31
Punjab	5.21	4.53	3.23	2.93
Rajasthan	7.37	5.44	4.74	3.29
Tamil Nadu	5.46	6.12	4.03	5.16
Uttar Pradesh	4.47	4.19	2.17	2.59
West Bengal	4.57	6.61	2.35	5.23

CONCLUSION:

On account of the above discussed economic disparities India's growth rate has been low, there is still persistent poverty in the widespread rural sector, agriculture is still undeveloped, growth is unbalanced, crime is rising with increasing rate, embezzlements and scams have become general haps, unemployment problem has become a mammoth, electric supply to agriculture and industry is not sufficient, even baby food and drugs are not free from adulteration, drug market is stuffed with duplicate medicines, hospitals are full of dirt, roads and even the highways are full of pits, tails of irrigation canals are dry, there is rush of baggers at crossings and corners of markets, journeys are full of accidents and unscheduled buses are running on the roads, news papers are full of crime news from the relatively developed regions, child labour and bonded labour are common and a number of regions are burning with the heat of separatism. This is the present scenario of independent and democratic India even after its having travelled for 59 years on the path of planned economic development. An important factor which influences the speed of socio-economic progress of a State is the quality of governance. It is not a coincidence that, by and large, the States which are in the forward group are better administered as compared to the States in the backward group. A better administered State is more efficient in raising revenues and putting the revenues to better use. Such States are quick in responding to opportunities which enable them to attract more private investment both from domestic and foreign investments. Again, such States are often able to prepare viable projects and successfully bid for Central assistance or for external funding. Surveys carried out among the private investors clearly indicate that it is efficiency of administration and availability of infrastructural facilities which are more attractive to them rather than the various tax concessions and incentives offered by the State governments. In the backward States, things move slowly. Private sector is willing to deal with political and bureaucratic corruption as long as things move faster. In the backward States, often corruption and inefficiency coexist and this is a deadly combination.

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