

# The Problem of Regional Disparities: An Overview in Indian Context

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## Abstract

*The contemporary world is growing rapidly in the field of urbanization, liberalization, globalisation and modernization, but on the other hand, all this development has emerged a worldwide phenomenon regarding regional disparity. Regional disparity is a common fact in both developing and developed economies. Across India's different regions and states, development and growth has not been distributed fairly and has given rise to the threat of regional inequality. In India, each of 28 states has its own disparities regarding socio-economic indicators with other states; among them few states e.g. Punjab, Gujarat, Maharashtra and Tamil Nadu, etc. have already attained rapid economic development Whereas, other regions or states e.g. Bihar, Odisha and Jharkhand, etc. have attained less development. India is a diverse nation with a massive population disparity in social and economic development, employment, and infrastructure facilities across the regions and within regions that have been a major challenge to policymakers and economists. Main objective of the study is to understand the concept of regional imbalances. The paper highlights the causes and consequences of disparities in inter-regions, inter-state and intra-regions in India. The paper describes also the measurements implemented by Indian policy makers in India to reduce the problem. The paper reveals suggestions to reduce the disparities in Indian context.*

**Keywords— Regional imbalances, Economic Development, India, New economic policy, NITI Ayog, Five Year Plans**

## INTRODUCTION

Among the innumerable axes of disparity in India, regional inequalities have acquired greater prominence in recent times (Bakshi S. et. al,2015). Regional disparities denote to a condition of asymmetry in standard of living in different parts of a given area (Naresh Kumar and Ritu Rani,2019). Regional imbalances mean wide differences in per capita income, health and education services, levels of industrialization, literacy rates, infrastructural facilities, human development index (HDI) etc. between different regions and states of the country. It refers to difference in economic development and uneven economic achievement in different geographical regions. It is reflected by the indicators like per capita income, the proportion of population living below the poverty line, percentage of population engaged in agriculture vis-à-vis engaged in industries, the percentage of urban population, infrastructural development of different states. It is a verified fact that in a big economy, different regions with varying resource bases and grants support dissimilar growth paths over time (Williamson, J. G. 1965). After the post reform in India , growth allegedly has not equally benefited every region of the country leading to differences in level of per capita income between the richer and poorer regions(

Samik Chowdhury , 2014).The new economic policies have further broadened the gap between the poor and the rich states((Ripudaman Singh,2015). India, not being any exception, is facing and resolving the issue of regional disparities. The holistic development of the country is stunted as regional disparities give rise to inequalities. Regional disparities in India are very huge. Because of this, the pace of development is completely different in all parts of the country( Lakhani Singh Kushre). India presents a picture of marked diversity with the sub-national units at different stages of development (Dreze and Sen, Reference Dreze and Sen2013; Frankel, 2005). Although some states (Kerala) have development levels somewhat similar to those of developed countries, others significantly lag. Since the economic reforms in 1991, regional disparities appear to have increased significantly (Kurian, 2000)

## CAUSES OF REGIONAL DISPARITIES IN INDIA

Historical Factors:

In India, Regional imbalances started from its British regime as the British industrialists developed only those regions of the country which possessed rich potential for wealthy manufacturing and trading activities. Such regions were like

Calcutta, Bombay and Madras keeping other areas neglected (Nagaraja K. , and B. P. Veerabhadrapa, 2018).

#### Geographical Factors:

Geographical factors like the difficult terrain surrounded by, hilly terrain, rivers and dense forests adverse climate and flood prone areas resulted in uneven growth of different regions of India. These factors play a vital role in the developmental activities of a developing economy. Himalayan states like Himachal Pradesh, Uttarakhand, North-Eastern states remained mostly backward due to its inaccessibility and other inherent difficulties.

#### Shortage of Economic Overheads:

Economic overheads like power, transport and communication facilities, technology and insurance etc. play very significant role for the development of a particular region. Due to inadequacy of such economic overheads some regions of the country i.e. North-Eastern region, Himachal Pradesh, Bihar etc. remained much backward whereas due to appropriateness of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects.

#### Location Specific Advantages:

Some regions are getting special favour in respect of site selections of various developmental projects. Locational Specific advantages are availability of irrigation, market, raw materials, port facilities etc. Oil refineries are mostly located in close to sea due to Location advantages:

#### Failure of Planning Mechanism:

Achievement of regional balance is one of the important objective of economic planning in India. In spite of framing this major objective, it did not succeed in this field as developed states get much favour than less developed states in allocating funds etc.

#### Political Instability:

The political instability is standing as a hurdle in the path of development of the backward regions. If there is political instability in any state in the form of instable Government then there will also be found the problem of law-and-order problem etc. This will block the flow of investment into these backward regions besides making flight of capital from these backward states.

### **CONSEQUENCES OF REGIONAL IMBALANCES**

#### Agitations:

Uneven regional development or regional imbalances lead to several agitations in Inter-States and Intra States. There are agitations in India for separate Vidhrbha State in

Maharashtra and Bodoland movement in Assam for separate Bodo State for Bodos. The former combined State of Andhra Pradesh can be sited as the best example of the consequences of intra-state regional imbalance in terms of development. There were several agitations for separate Telangana State for several decades from 1969-2014 finally it was formed as a separate State on 2-06-2014 as 29th State of India (Nagaraja K. , and B. P. Veerabhadrapa, 2018)

#### Migration:

Regional disparity causes Migration. Migration takes from backward areas to the developed areas in search of 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.

#### 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.

#### Housing & Water Problem:

Metropolitan cities like Mumbai, New Delhi, Chennai and Hyderabad have establishment of several industries. This leads to shortage of houses as a result rental charges will increase abnormally and over population leads to water crisis.

#### Pollution:

Centralization of industrial development at one place leads to air, sound and water pollution.

#### Frustration among Rural Youth:

In the absence of employment opportunities in rural and backward areas leads to frustration especially among educated youth.

#### Accumulation of the imbalance:

Once an area has adequate infrastructure for development and is wealthy, 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, Delhi, Kolkata, Mumbai, Chennai, Bangalore and Hyderabad is higher compared to other metro cities of India.

### **STRATEGIES FOR REDUCING REGIONAL DISPARITIES IN INDIA**

Indian govt. has taken many steps to reduce the problem of regional disparity after independence and post reform period. Two major institutions- NITI Ayog (Planning Commission) and Finance Commission play very important

role in promoting regional balanced development by implementing various policies in regions eg. higher resource transfers from the Centre to the Backward States. Many Development Programmes have been started in India e. g. community development programme, Drought Prone Areas Programme to provide basic facilities and services to people in all the regions. River valley projects and multi-purpose projects e.g. Narmada Dam for dry parts of Gujarat and Madhya Pradesh, proposed Ken-Betwa inter river link project for Bundelkhand region etc. are also good initiative to measure the problem. Diffusion of industrial activity and infrastructure was also on priority. East West Corridor project, Special Accelerated Road Development Project (SARDP-NE) and Trans Arunachal Highway for increasing connectivity are also measure steps to be taken by govt. To attract the private entrepreneurs for investing in backward regions, subsidies, exemptions and tax breaks given to industries. The Backward Region Grant Fund (BRGF) is a Programme implemented in 272 identified backward districts in all States of the country to redress regional imbalances in development. NITI Aayog's Three Year Action Agenda emphasizes the specific action for North-Eastern states, North Himalayan states, Desert & Drought prone areas, Coastal regions and Islands.

### CONCLUSION

India is a large emerging economy (Rashmi U. Arora and P. B. Anand) To improve financial development and financial inclusion, developing countries are implementing several measures (Demirgüç-Kunt *et al.*, Reference Demirgüç-Kunt, Klapper, Singer, Ansar and Hess 2018), but national level efforts alone may not be adequate as they may fail to reduce underlying inequalities at the local/regional level. More focused approach is required at the sub-national/local levels to attain increased financial development (Fafchamps and Schündeln, Reference Fafchamps and Schündeln 2013). This is specially relevant for huge federal economies. India is one of the fastest growing economy, yet, there is need to give due importance in terms of emerging disparities. Regional development disparity is a continuous developmental challenge for Indian policy makers. Specific policy attention and the equitable distribution of development, is required for the less developed states. To enhance the quality of life in the backward region of the country, more emphasis should be made on encouraging community participation and the effective implementation of different government schemes. In the entire country, disparities can be reduced, only if there is less poverty, population, and providing economic and social infrastructure, good governance, people's participation, etc. To reduce the regional imbalances in the country, it is

compulsory that the local bodies in the backward areas are also empowered and strengthened.

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