

## **Economic Development in India: An Inter-state Analysis**

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*This paper analyses the development experience of Indian states during the last four decades by exploring income growth, employment generation, poverty reduction and human development. During the last two decades, Indian economy has moved out of the slow growth phase to that of a higher growth era, recording an average GDP growth of 7-8 per cent. Whether this growth has resulted in corresponding changes in the development indicators is an important question. The study examines this subject two decades before and two decades after the initiation of liberalisation measures. A majority of states have recorded higher economic growth during the latter period. But due to differentials in the initial endowments, inequality among them still persists and is increasing over time. Majority of the states failed to translate higher economic growth into higher employment growth and poverty reduction. Though many of them made significant improvement in terms of human development, the lagging states still have disadvantages. The pace of transformation is slow and the country has not succeeded in translating higher growth into higher overall development.*

### **I Introduction**

This paper examines the development experience of Indian states during the last four decades. Viewed broadly, a country's development is a dynamic but complex process that enhances economic growth, human capabilities and standard of living. The process involves changes in several spheres over time and space. Growth in income together with a reduction in disparities—spatial, sectoral and interpersonal—represents only one dimension of development. The other important dimension is the enhancement in human development which embodies education, health and quality of life, among others. Thus, from the overall development point of view, it is not only income growth, but also human development across regions that matters. They become more important because both complement each other. We will analyse these different aspects of development in terms of the level and growth of income, employment structure and growth, severity of poverty and differentials in the attainment of human development across Indian states during the period 1970-1971 to 2009-2010.

India is a large and heterogeneous country with wide divergences in economic growth and human development. Management of these divergences

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