

Inter-State Disparities in Per Capita State Domestic Product in India: Trends and Causes

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Balanced regional development has been a major objective of Indian Five Year Plans. The present paper examines the trends in per capita state domestic product for 17 major states of the country during the period 1960-1994. The study reveals that even though over the period the process of economic development has been spatially widespread, all indicators of inter-state disparities (viz., coefficient of variation, standard deviation, range and maximum, minimum ratio) show a sharp upward trend. Thus, India is still in the phase of regional divergence in economic development in keeping with the historical experience. The new economic policy regime with focus on liberalisation and market forces will in all probability accentuate the trend towards regional inequality. This is likely to put fresh strains on our federal structure. The analysis of factors in regional disparities in a cross section regression framework reveals that per capita SDP levels are strongly associated with the development of infrastructural facilities and land resource base for agricultural workers. The author suggests a two pronged strategy for balance regional development laying stress on development of infrastructural facilities in the backward states and speeding up of the process of structural shift in favour on non-agricultural activities.

Introduction

The process of economic development the world over has been characterized by persistence of marked inter-regional disparities in levels of development. Due to natural, historical, economic and technological reasons economic activity gets concentrated over certain points over space, which emerge as growth poles from which growth impulses flow to other regions. Over time old growth poles decline, while new growth poles emerge. Myrdal (1957) and Hirschman (1958) have provided the theoretical explanation of the spatially uneven process of development. Williamson (1965) through cross section and historical analysis of several countries has established that regional disparities initially tend to increase during the process of economic development and then tend to decline.

At the time of Independence, the Indian economy was spatially highly unbalanced and disintegrated due to the distorted pattern of development imposed by the colonial power to subserve its own economic and commercial interests. This situation could not be allowed to continue unchanged in the interest of national integration and development. Since the very beginning of the planning process the question of regional imbalances has been a major issue in the Indian political economy. The development of the backward areas and a regionally balanced pattern of development have been reiterated as among the major objectives of the successive Five Year Plans of the country.

A large battery of policy instruments has been pressed into service to promote the

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