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## CONCEPTUAL ISSUES: REGIONAL AND HUMAN DEVELOPMENT IN INDIA

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## ABSTRACT

*Balanced regional development has been one of the principal objectives of planned development in India. Despite the continued emphasis given to the attainment of regional imbalances, disparities still exist among States in India and among districts within the States. Various studies have been taken to measure and remove disparities at various levels. Prior to the 1970s, the level of development was measured only with the single indicator (income) and considered to be a material welfare. However, developments which consist of a multidimensional process, its impact cannot be explained by a single indicator. Therefore, the focus is shifted towards human development and has been used as a powerful tool to measure the level of development. It analyses the development not only increase in mere income but also the equal distribution of that increased income. Recent development experience, thus considered as an expansion of output and wealth as a means and the end of human development must be human being. It lags behind not only in terms of economic progress but in terms of development indicator of human development also. At the same time, it is felt that enlargement of people choices can be achieved by expanding human functioning and capabilities. The present study is rather theoretical in nature and highlights the importance of regional economic and human development, makes a brief review of related literature with a view to defining the conceptual issues of regional and human development on the basis of above theoretical consideration.*

## KEYWORDS

India, regional development, human development.

## INTRODUCTION

The problem of regional disparities in levels of development is not of the recent origin. Even during the first quarter of the 19<sup>th</sup> century, there were many countries like United States, Canada, United Kingdom, France, Netherland and Sweden which experienced its severity to considerable extent. Today, the problem of regional disparities has become the most crucial in almost all the countries of the world-whether developed or developing. Like other developing countries, India also suffers from the serious problem of regional disparities. Our successive Five Year Plans have highlighted the complexity of this problem in various pronouncements made in the plan documents. But the efforts made in the first three plans were primarily oriented towards achieving the objectives of higher growth rate. However, with the commencement of the Fourth Plan, planning for regional development, especially for backward areas, started receiving special attention. Despite the continued emphasis given to the attainment of regional balance, disparities still exist among the states in India and among districts within the state.

Even after six decades of experience in development planning in India, very little constructive action has been made to address regional aspects of development.<sup>1</sup> Consequently, policies and programmes for economic development of backward areas have been neglected which is also reflected in the words of Isard and Reiner (1961): "Where adequate regional economic development plans and programmes are lacking the likelihood of success of national economic development programme is decreased and the overall gains from national investments reduced. Hence the nation suffers and since each region is part of the nation in general the region suffers too"

The inter-regional disparity in the process of economic development is not particular to developed or developing countries. It is common to all economies irrespective of their stages of development or size of geographical area but may vary in accordance with their levels of growth. As Hemlata Rao (1977) states that "the poor countries are characterized by large and growing regional disparities and the rich countries are generally characterized by small and diminishing gaps." This reveals the fact that low skilled population tend to get concentrated mainly in backward areas of some particular regions with agricultural and allied activities as their main occupation whereas highly skilled professional population tend to be concentrated in high developed areas, for example, Punjab is comparatively more advanced in agricultural production, Gujarat and Maharashtra in industrial activities and Kerala for educational achievements which implies that, the facilities such as housing, water supply, sanitation, health care, educational institutions, banking etc. may vary in accordance with the level of a region's development. It is found that economic activities get concentrated in the regions having greater locational advantage, such as skilled labour, adequate infrastructure and availability of raw materials nearness to market. It means some regions are more developed while some are backward. This may be natural due to unequal distribution of resources or may also occur due to neglect of some regions in terms of investment and development effort, leading to unequal economic and social development.

Regional disparities or imbalances refer to a situation where per capita income, standard of living, level of consumption, industrial, agriculture and infrastructure development are not uniform in different parts of a given region.<sup>2</sup> Regional disparities are a global phenomenon. Its extent may vary in different countries but its existence can hardly be challenged in any nation. Most of the countries of the world are experiencing the problem of regional disparities.

Disparities in economic and social development across the regions and intra-regional disparities among different segments of the society have been the major planks for adopting planning process in India since independence (N. J. Kurian, 2000). According to the Planning Commission, balanced regional development is the cherished goal of every nation in order to ensure its unity and integrity.

The report of World Bank 2008 found out that an income disparity measured in terms of Gini Coefficient has increased from 0.3152 in 1993-94 to 0.3676 in 2004-05 in India.<sup>3</sup> Further, Draft Eleventh Five Year Plan (2007-2012, VOL.1) has also observed that persistent regional disparities has continue to prevail in the country even after six decades of planned development. Unequal development in various factors such as infrastructure, urbanization and human capability act as an obstacle to balanced regional development which altogether cannot be abolished but can be minimized. In the recent years, various studies have been done by various economists, scholars to understand the causes as well as the nature of variations in levels and development across the regions (countries) which is very important because even small differences in the growth rates, if cumulated over a long period of time, may have substantial impact on the standard of living of people. (Barro and Sala-i-Martin, 1995), leading to disparities. In spite of considerable research made on the subject, much more remains to explore the causes and nature of differences in development in order to calibrate appropriate policies and programmes to achieve balanced regional development and to combat deprivation (poverty) by spreading the benefits of growth processes in different regions of India. Therefore, different economists have suggested different strategies to achieve balanced regional development and dealing with concepts of regional disparities.

## REGIONAL DEVELOPMENT: CONCEPTUAL ISSUES

Before analyzing various concept of regional development in detail, it is considered worthwhile to briefly explain the term "region" and its types.

<sup>1</sup> Diwaker, D. M, Inter-regional Inequality and Poverty in Uttar Pradesh, Economic and Political Weekly, 2006.

<sup>2</sup> Commission on Centre –State Relations, "Causative Factors Behind the Continued Backwardness of Certain States" Supplementary Volume II A, Research Study, March 2010, Pg 8

<sup>3</sup> Kumar Gaur, Achal, Regional Disparities in Economic Growth: A case Study of Indian States, St. Gallen, Switzerland, August 22-28, 2010, Working Paper, The International Association for Research in Income and Wealth



The concept of a region was introduced by the German, French and British Geographers in the 18<sup>th</sup> and 19<sup>th</sup> centuries. Region is defined as a large tract of land, a country, a more or less defined portion of earth's surface which is differentiated by certain natural features and climatic conditions. It is also defined as a contiguous area which has certain common characteristics or which is tied by extensive inter-areal activity and flow.<sup>4</sup> The word "region" is most often used to refer to a delimited part of the surface of the earth.

Joerg (1914) has observed that "any portion of the earth's surface where physical conditions are homogeneous can be considered as a region in the geographic sense. According to Encyclopedia of social sciences "a region is a homogeneous area with physical and cultural characteristics distinct from those of neighboring areas. If the factors like land reforms, climate, soil etc form the basis of delineation, we get physical geographic region, whereas, when purely cultural factors like language, religion etc are considered as classification, we get socio-cultural regions. In the same way, when dominant activities are considered as criteria, we arrive at economic regions, and when all the factors are taken into account, we get a "compagne"<sup>5</sup>.

However, in some cases a planning region can be small, say a city but a village cannot be (and, probably not even a cluster of villages) a planning region unless the objective is too limited. Ohlin (1967) observed 'region' to mean not only a particular geographical area but also an area in which the proportion of labour and capital have particular characteristics which distinguished it from other areas, either national or international.

In regional economies, a region is understood to be a sub-national areal unit. Scholars have defined regions according to their own objectives and convenience. Richardson (1973) classified regions under three categories, namely, Homogeneous, Nodal and Programming.

(i) **In homogeneous** region, the structure of employment, occupational pattern, migration, density of population has homogeneous characteristics in economic sense.

(ii) **Nodal/Heterogeneous** regions emphasize intra-regional spatial differentiations. A nodal region will have heterogeneous economy around it. Population and industries agglomerate and they will not be scattered over a region but will be concentrated in or around specific core region with higher per capita generation through higher production of goods and services.

(iii) **Planning or Programming regions** depends upon the type of multi-level planning in the country which further depends upon the geographical scope within which various developmental programme could be effectively organised and dealt with. Planning region for different activities can be different and regional plan is formulated on the basis of three major areas of operation and scale of development, i.e., Macro, Meso and Micro.

- **Macro-region** is naturally bigger. Macro-region can be a State or even groups of States, for example, in India, there are East, West, North, South and Central Zones. A macro region should have a common resource base and specialization in that resource base.
- **Micro-region** is a sub-division of macro-regions, such as, a state. It can be cultural or administrative region. In multi-level planning, district is the micro-region. It is the lowest territorial unit of planning which consist of dynamic types of production market relationship, labour supply etc. The basic features are its smallness.
- **Meso- region** is identified with a division of a state. For example, in Uttar-Pradesh, there are four economic regions comprising several districts in which there should be some identifiable affinity which may facilitate planning. It can also become nodal region provided the combined micro region or part thereof can be developed in a complementary manner.

Another classification of a region which is more common is between forward or developed region.

**Forward or Developed regions-** are naturally those which are having a high rate of accretion in goods and services, i.e, their share in the GDP of the country are relatively higher. A developed region is one, which has exploited its potentialities fully with maximum efficiency.

**Backward Region-** They are depressed regions in the developing as well as the developed economies. Regions where the potentials of the development are not fully utilised or under utilised or where economy is largely subsistence one. Lack of infrastructural facilities, adverse climatic conditions, low rate of investment, high rate of growth of population, low level of urbanisation are the causes and consequences of backwardness.

The term **regional development** can be defined as a process of development pertaining to a particular part of a country called "region". It can be seen as the process of development in a particular area or a region. It can have both absolute and relative connotations. In absolute terms it refers to the development within a particular region whereas, in relative sense, it means comparing the backward region with the prosperous region of Nation as a whole on the basis of socio-economic indicators. Friedman (1970) defines regional development as a result of getting located in a particular area due to different regional attractions. Shifts in the location pattern have direct repercussions on income, employment and welfare. Since spatial organisation is a function of activity and interaction pattern, regional development is simply an expression of these patterns. According to him, regional development involves a number of interrelated processes including economic, social and political processes within the spatial framework. He further emphasized that sustained economic growth is the fundamental phenomenon which leads to the balanced regional development.

Regional development is about the geography of welfare and its evolution. The concept is not static in nature, but refers to complex dynamics of regions. Regional development is clearly a multi-dimensional concept with a great socio-economic variety which is determined by a multiplicity of factors such as natural resource endowments, quality and quantity of labour, capital availability and physical infrastructure and technological infrastructure and progress, and so forth.

The concept of regional development has gained prominence only after the Second World War. Several theories and models have been developed to provide insight into the analysis of regional economic growth. In recent years, the conceptual widening has taken place with some important components being further incorporated. There are some economic development theories, starting with classical economists who thought that market forces would bring equilibrium automatically in the sense that labour would migrate from low wage region to high wage region whereas capital will flow in the opposite direction i.e., from high wage region to low wage region. According to Karl Marx, regional disparity is the characteristic feature of capitalism which would result in uneven distribution of wealth and capital with an incentive for pushing wages to the subsistence level [Martin and Sunley (1998), Dunford and Smith (2000)]. The neo-classical growth models (Solow, 1956, 1957, 1970), Cass (1965), and Koopmans (1965)], state that per capita growth rate tends to be inversely related to the starting level of output/income per head and poor economies grow faster than rich ones. They, however, were more optimistic about market forces and postulated that regional inequality is a passing phase. (Smith, 1975) <sup>6</sup>

Kuznets hypothesis (1963, 1995) established the relationship between inequality and average well being for two sector economy, which maintains that given a two-sector economy with not too distinct degrees of sectoral mean incomes, a perennial shift of population from one sector to another will initially raise aggregate inequality and it will decrease at later stage. This is the famous that is also known as "Inverted U" hypothesis or Kuznets cycle.

Neo-Keynesian growth models opine that a reduction in concentration raises the real wage and provides a redistribution of income which leads to higher capacity utilisation and higher rate of economic growth.

According to Growth Pole theory, (Perroux1955), development of a region, growth of income and of living standard is only possible if it leads to rise of one or more centers with economic power (Growth pole).<sup>7</sup>The basic feature of this model is that growth does not appear everywhere at the same time, it manifests itself in points or poles of growth which means that economic development and growth is not uniform over an entire region, but instead takes place around a specific pole. And because of agglomeration economies near the growth pole, regional development is unbalanced.

Theories of dualism emphasized the existence of sharp differences in the organisation, and degree of development between the modern and traditional sectors of under-developed areas and envisaged a progressive expansion of the former at the expense of the latter. A classic example is the Lewis model (1954) which

<sup>4</sup> Wrobel Andrzej, "Regional Analysis and the Geographic Concept of Region." Papers in Regional Science, Vol 8, Issue 1, Pg 37-41, January 1962

<sup>5</sup> R.P. Mishra, "On the Concept of Region and Regional Planning", in R.P. Mishra(ed), Regional Planning – concept, Techniques, Policies and Case Studies, Concept Publishing Company, New Delhi, revised edition, 1992.

<sup>6</sup> Kumar Gaur Achal, "Regional Disparities in Economic Growth: A Case Study of Indian States, St. Gallen, Switzerland, August 22-28,2010, Paper presented in The International Association for Research in Income and Wealth

<sup>7</sup> Centre (poles or focii) from which centrifugal forces emanate and to which centripetal forces are attracted. Each center being a center of attraction and repulsion has its proper field which is set in the field of all other centers."

rested on the idea that there was disguised unemployment in the traditional agricultural sectors/rural areas; so that the transfer of surplus labour from the agricultural sectors/areas to the modern sectors/ more developed areas would leave agricultural outputs unchanged yet increase the output of the modern sector and eventually the dualism will disappear with commercialization of agriculture leading to regional disparities.

A common thread running through these theoretical considerations is that analysis of disparities has been limited to dualistic development in terms of income differentials only. As is well documented, income alone cannot be taken as a true measure of development. Since development is a multidimensional process and its impact is not fully captured by a single indicator, inter-regional variations in it should be expressed in terms of multiple socio-economic indicators. Therefore, the scope of measuring regional disparities should be broadened keeping in mind the objective and purpose of the study. For example, there are many states in India i.e. Maharashtra which are having high per capita incomes, but at the same time are also having several backward districts.

### CONCEPTUAL ISSUES OF HUMAN DEVELOPMENT

The paradigm of development has shifted from a mere material progress to socio-economic progress in recent years. Prior to 1970s levels and rates of growth of GNP and real per capita GNP were used as a measure of overall economic well-being of a population. For example, in Indian planning the term development was conceived strictly in an economic sense as the capacity of the national economy to generate and sustain an annual increase in its gross national product (GNP) at the rate of 5 to 7 percent or more. However, in seventies this narrow definition of development was considered inadequate because the masses were deprived of the gains of high growth and the problems of poverty, unemployment and inequality were given secondary importance. As a result, alternate theories of development which concentrated on enhancement of well being of people emerged.

ILO and World Bank (1976) emphasized a basic needs approach and Morris D. Morris (1979) came up with PQLI which was a simple aggregate of IMR, Life Expectancy and literacy rate.<sup>8</sup> However, this measure left out the economic aspect of development. After much deliberations and careful thought, a new measure of development called Human Development Index (HDI) was developed by Mahbub-ul-Haq.<sup>9</sup> This measure of development gained wide acceptance as a summary measure.

Since the objective of development of a nation is to improve the welfare of the people, every nation strives hard not only to increase her wealth and productive resources but also to ensure better standard of living of her citizens by providing them with adequate food, clothing, house, medical facilities, education etc. Of course, people want higher incomes as one of their options; it is neither the sum total of human life nor the end itself. Thus expansion of output and wealth is only a means; end of development is the welfare of human beings. To measure the welfare of the people, UNDP in its first report on human development (HDR, 1990) introduced the concept of HDI with elaborate methodological framework. It was introduced as a composite measure of economic progress and human welfare and intended to be a better substitute to per capita income measure that could neither capture nor exhibit exact level of well being nor that of nation. UNDP defines human development "as the process of enlarging people's choices. The most critical of these choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. The major elements of human development are productivity, sustainability and empowerment. UNDP has developed a set of composite indices such as HDI, HPI and GDI for measuring the level of development and disparities among the countries in the world. These composite indices are so popular and useful that many countries have carried out such exercise on smaller regions within their country. The UN has declared the 1990's as the decade for human development. It was Prof. Amartya Sen who played the pioneering role in the development and articulation of the concept of human capability.

### REVIEW OF LITERATURE

Since the inception of planning in India, objective of balanced regional development has been emphasized and included as one of the objectives of social goals in the planning. The government of India has appointed several committees to suggest measures for balanced regional development in the country. Some of the famous ones are B.D Pandey Committee, Wanchoo Committee (1968), D.P.A.P (Drought Prone Area Programme), H.A.D.P (Hill Area Development Programme), 1969 etc.<sup>10</sup>

The problem of regional imbalances began to receive attention in the western world during the 1930's due to socio-political considerations besides economic and welfare implications. Thus, balanced regional development is not only socially desirable but also economically imperative. (Nath, 1970: Singh, 1985). A large number of studies, both at the national and international level have dealt with the problem of regional disparity.

Myrdal (1957) in his Cumulative Causation theory explained the impact of a growing region on an economy with help of the two opposite kinds of forces i.e., the backwash effect and spread effect. The former refers to all adverse effects and the latter to the growth propelling effects. Once growth takes place in a region, the interaction of these two forces will determine the movement of the national economy either towards equality or inequality. He also mentions that the backwash effects are on an average more powerful than the spread effects. Hirschman (1958) also found that the polarization effects are stronger than the trickle down effects in the earlier stages of development of a nation. According to him, "inter-regional inequality of growth is an inevitable concomitant and condition of growth itself." However, he came to a conclusion that trickle down effect would eventually gain an upper hand, if a more developed region had to rely to a large extent on less developed regions products for its own expansion. His formulation gives rise to a hypothesis of an inverted 'U'-shaped curve between the extent of regional disparities and the level of national development.

Isard and Reiner (1961) observed in their study that the polarization of the economic growth in a nation may largely be due to unequal distribution of know-how and labour skills among regions and unequal access to major markets including foreign markets. Hughes (1961) states that regional disparities diverge in the process of economic development due to the free market system of organisation, by which advanced region grows much faster than the backward region as a result of which income differentials tend to become self-perpetuating unless some exogenous factors are brought to play to offset market forces. Williamson (1965) also found out that regional disparities follow an inverted U shape trend. In the initial stages of development, disparities tend to increase substantially, and eventually with further development the growth rates of different regions converge and disparities tend to minimize. The main factors incorporated in his analysis were labour migration, inter-regional linkages and government policies which shows that if there were no technological progress, then the effect of diminishing returns would eventually cause economic growth to cease. (Swan, 1956)

Rao (1989) analysed the trends in income inequality on the basis of new industrialised countries (NICs) and four middle income countries of Central Asia during the period 1965-84 and observed that high rate of economic growth leading to substantial employment expansion reduced poverty significantly. Federov (2002) in his study highlighted the growing regional inequalities in Russia in the year 1999. This study shows that regional inequalities and polarisation during the transitional period in Russia had increased significantly. Vanderpny-Orgle (2002) after analyzing a number of studies on the growing regional disparities in Ghana, estimated the growing trends in spatial inequalities and polarisation in Ghana during the period of stabilisation and concluded that regional inequalities increased during the initial stages, followed by a short period of decline.<sup>11</sup> Wei and Kim (2002) states that the increasing regional inequality is widely considered to be the reason for the existing regional problems in China and an obstacle to its stability and development.

The new growth theories attribute rise in per capita incomes to the 'endogenous factor of the behavior of the people responsible for accumulation of factor of production and knowledge. The departure of these endogenous growth theories from the conventional 'neo-classical' theories is the fact that the latter assumed capital and labour productivity to increase from an "exogenous" factor, technological progress. But the unanswered question of how to accelerate technological progress resulted in the emergence of the new growth theories that brought into analysis the human-capital dimension. In Romer endogenous growth model<sup>12</sup>,

<sup>8</sup> UNDP (1990) National Human Development Report, Technical Notes

<sup>9</sup> Fukuda-Parr Sakiko, "The Human Development Paradigm: Operationalizing Sen's Ideas on Capabilities, 2003

<sup>10</sup> Report of the Inter-Ministry Task Group on Redressing Growing Regional Imbalances, Planning Commission, January, 2005

<sup>11</sup> Noorbakhsh Farhad, Human Development and Regional Disparities in India, Centre for Development Studies, Department of Economics, University of Glasgow, 2005

knowledge is the ultimate determinant of long run growth being itself determined by investment in research. Due to spill-over benefit of knowledge, the advantages of investment in research by a particular firm get disseminated to others firm in the economy as well leading to economic development.<sup>12</sup> Bringing out the importance of improvement in the quality of human capital in the process of economic growth, Lucas (1988) emphasized upon the investment on education. According to him, the development of human capital has both internal as well as external benefits. While the former refers to increased productivity of the particular human resource, latter refers to spillover effect which causes productivity gains to other worker and physical capital as well.

A number of studies on regional disparities for India and its States have also been undertaken. A study by Mishra and Vajpayee (1991) analyses the disparity in the level of industrial activities in Eastern and Western Uttar Pradesh and found out that regional disparities have increased overtime. Most forward western region is in an economically better position in terms of industrial activities. Kantawala and Rao (1992) analysed the intra-state disparities in sectoral development in India during 1970-71 to 1985-86 on the basis of eight agricultural indicators, twelve industrial indicators and six indicators of service sector and observed that the disparities in the agricultural sector had increased overtime.

Mazumdar (1993) made an attempt to analyse the inter-state disparities in per capita state domestic product (PCSDP) for the period 1960-86 and found out that regional disparities have increased overtime. According to Salai-Martin (1995), there are two views in the context of regions on how the process of catching up and convergence takes place; alpha convergence, where poor region will tend to grow faster than the more developed region (as the diminishing marginal returns to capital prevail in the latter region) and sigma convergence occurs if the dispersion measure, i.e. Standard Deviation of per capita income across a group of regions declines overtime.

Rao (1995) analysed inter-state disparities in the level of industrial development over the period 1970-71 to 1985-86 and concluded the magnitude of disparities tended to decline between different states. Dreze and Sen (1996) writing about economic development and social opportunity observed sharp variations in regional development in India and remarked that the Nation could emulate the achievements of Kerala in expanding social opportunities to the poorer sections and thereby achieving a faster pace of growth in human development. Das and Barua (1996) examined the pattern of regional inequalities among 23 states in India during 1970-92 and found that the regional disparities had increased over the selected period in case of all the sectors. Datt and Ravallion (1998) concluded that endowment of physical infrastructure and human resources played a major role in poverty reduction. They found out that disparity in living standards among different regions and between the urban and rural sectors increased in the country during the study period. N.J. Kurian (2000) in his study, analysed disparities in terms of demographic indicators, female literacy, state domestic product and poverty, development and non-development expenditure by state government, shares in plan outlay and found out that disparities are widening. Some other important studies were by Sampath (1977), Nair (1982), Raj Krishna (1980) and Mahajan (1982) shows that regional disparities have been on the increase from mid 50's to early 70's. The studies by Nair (1985), A.K. Singh (1985), Hemlata Rao (1985, 1999, 2005), R. T. Tewari (1985), (1977), Cashin and Sahay (1996), Dasgupta (2000), Kurian (2000), Ahluwalia (2000), Sachs (2001), Dadibhavi (1989) observed an inter-state disparities in India for 16 major states for the year 1960-61 and 1980-81, by applying simple regional quantitative measures like C.V, Correlation coefficient and reported that inequalities among states have been growing.

Following the broad framework of UNDP methodology with some country specific variation, country wise HDR's are also being brought out from time to time. In case of India, Planning Commission brought out NHDR for the first time in 2001. In recent years' state wise HDR's are also being brought. For Uttar-Pradesh, two HDR's have already been brought out by UNDP for the years 2000 and 2006. Since 1990's HDR's are being published regularly by UNDP, all the countries of the world are ranked as per their HDI value in which it ranked 13<sup>th</sup> position to U.P, whereas Kerala, Punjab and Tamilnadu are the three top ranking states in terms of HDI both in 1991 and 2001, although U.P improved its rank from 14<sup>th</sup> position in 1991 to 13<sup>th</sup> position in 2001, it continues to be in the lower cluster of States, along with Bihar, MP, Rajasthan and Orissa which close to just half that of Kerala's. (NHDR 2001)

Dalal (1991) observed that Indian development goals have been in tune with the Human Development Report. There has however been a significant failure in the implementation of well-constructed policies as a result of lack of political will and administrative inefficiency.

Shiva Kumar (1991) ranked 17 Indian major states by constructing the HDI using UNDP's methodology. He compared the ranking of these states with the ranking of the countries appeared in the report of UNDP. Another subsequent study of Shiva Kumar (1996) revealed that state like Haryana and Punjab despite being relatively high-income States were facing the problem of serious gender inequality in basic capabilities and found that the 13 countries in the world had a lower value of GDI than that of the States like Bihar and Uttar-Pradesh which is considered to be a serious problem of human development at the global level. Vyasulu and Vani (1997) conducted a study of human development in Karnataka using HDI. While making concluding remarks they suggested that sustained political support to an across-the-board improvement in each district was essential if the HDI was to show improvement. The study of NCAER in 1994 revealed that although relative differentials existed, absolute deprivation was high in most parts of rural India. Among the social groups, the poor spent disproportionately large amount on health and education (NCAER 1999). Zaidi and Salam (1998) in their study correlated various indices denoting life expectancy, educational attainment and real GDP per capita to other parameters of the economies of 15 major states of India for finding out the causes of varying values of these indicators in different states. The study revealed that public expenditure had a more close association with educational attainment than it had with life expectancy as the latter is influenced by multiplicity of factors like heredity, race, climatic and environmental factors apart from public expenditure on health, nutrition and sanitation etc.

Viswanathan (1999) in her study, for the state of Madhya Pradesh, highlighted the fact that higher incomes do not always yield higher human development, and that higher human development does not always mean equal benefit to men and women. National Institute of Rural Development (NIRD 1999) conducted a study for the major states of India for the years 1961, 1971, 1981 and 1987-88 revealed that HD scores had gone up in all the states overtime. The poverty stricken states like Bihar and U.P were at the lower rung and Gujarat made considerable progress on HDI. The ranking of states on HDI changed significantly during the last three decades. Rao (2000) made an attempt to bring out the insights provided by the human development report for the state of Karnataka. His study revealed that the state was lagging behind even in achieving what is regarded as minimum essentials norms of human development.

Mahanty (2000) conducted a study with an alternative set of indicators for Andhra Pradesh for the years 1982-83, 1987-88 and 1992-93 using five different methods of index. He found that while the pattern of human development was relatively stagnant, some districts were lagging behind. The UNDP (HDR 2003) for the first time devoted an entire chapter on human development to the North East India, particularly on literacy rates and the status of women and identified various factors which have contributed to the dismal situation in the region. Dholakia (2003) in his study examined the trend in regional disparity in India's economic and human development over the past two decades and found that there is a two-way causality between the economic and human development and concluded that the structure of the relationship varied over time when human development indicators were the cause and per capita income was the effect, whereas, in reverse case, the structure of the equations was found to be stable overtime. Using the similar methodological framework, Mehta (2003) observed that the relationship between economic growth and human development is relatively independent in the short run where as in the long run definite linkages between the two exist. He concluded that the links from human development to economic growth are stronger where as the reverse links from economic growths to human development are weak. Vijaybhaskar et al (2004) in their study while highlighting the key findings of the Human Development Report of the state of Tamil Nadu and concluded that there is a vast inter-district and intra-regional differences across gender and caste in human development achievements. Similarly, Rajshri Majumdar (2004) in his paper entitled, "Human Development in India: Regional Pattern and Policy Issues" has found that states like Kerala, Maharashtra and Himachal Pradesh put up good performance regarding social and human development indicators and concluded that Kerala has not been able to convert its social development into economic progress, while Gujarat in spite of its having low HD ranks have good ranking in PCNSDP. Nayak and Thomas (2007) conducted a study on human development by constructing HDI for all the seven districts of the state of Meghalaya and analysed the status and trend of human development and deprivation in Meghalaya using both primary and secondary data and concluded that a low level of human development in the state accompanied with considerable degree of unevenness between urban and rural areas across different districts and also between genders in the state.

<sup>12</sup> Paul, M. Romer, Increasing Returns and Long Term Growth, Journal of Political Economy, Vol94, No.5 (Oct 1986), pp1002-1037, University of Chicago Press

As has been brought out in the proceeding paragraphs, new development paradigm treats human beings as a major beneficiary of the development process rather than as mere means. A Nation has to achieve a comfortable level of material well being (threshold level of income) to achieve a certain level of human development. Various HDRs brought out by UNDP have continued to underline the fact that rankings by HDI do not always match the income rankings. It has been shown that the countries having similar levels of income and growth can vary quite significantly when it comes to rates of advance in human development.

## CONCLUSION

As a matter of fact, the regional disparities are now a matter of serious concern. It is well known that in a large economy, different regions have different resources bases and endowments. When development over different regions occurs unequal, it becomes politically imperative to resort to corrective policy measures. It is necessary to find out whether growth rate in different regions would converge or diverge. Further, whether the reduction in regional disparities has resulted in the attainment of human development in the economy. The experiences of various countries have, however, shown that for the sustainable growth in both human development and economic growth, further advances in these two variables are *sine-qua-non*.

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