



Regional Disparities in India: A Historical Perspective

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ABSTRACT

It comes out clearly from the discussions that if the past trends, especially those of the recent past continued for the next two decades or so; India will be a highly uneven nation in terms of various dimensions of public life. Incomes and living standards will vary considerably across the nation. People in most of the southern and western parts of the country will be enjoying fairly high per capita incomes, which may be comparable to those of middle income developed countries today. More than half of the people in this part of the country will be living in cities and towns with all modern facilities. India has had a glorious past. Our cultural heritage is comparable to that of China or Egypt. We had great kings and kingdoms. Half of the major world religions had their origin in India. We had produced great thinkers and philosophers who contributed to several branches of knowledge. But most of our history before 1500 AD is in oral traditions. Indians, by and large, were not good at record keeping. This is especially true about hard facts and data relating to various aspects of life. Even for the period 1500 to 1750 AD data are rudimentary. Therefore this paper examines a historical perspective of regional disparities in India.

KEYWORDS

1.1 Introduction

India has had a glorious past. Our cultural heritage is comparable to that of China or Egypt. We had great kings and kingdoms. Half of the major world religions had their origin in India. We had produced great thinkers and philosophers who contributed to several branches of knowledge. But most of our history before 1500 AD is in oral traditions. Indians, by and large, were not good at record keeping. This is especially true about hard facts and data relating to various aspects of life. Even for the period 1500 to 1750 AD data are rudimentary.

1.2 Mughal period (1500-1750)

India during Akbar's time was considered as prosperous a country as the best in the world. Though mainly agrarian, India was a leading manufacturing nation at least at par with pre-industrial Europe. She lost her relative advantage only after Europe achieved a revolution in technology. The economy was village-based, though under Muslim rule for over 500 years, the society continued to be organised in Hindu traditions. Caste system was intact. The social disparity often added another dimension to economic exploitation. While the Jajmani system ensured social security, the caste system ensured social immobility. However, flexibility of the Jajmani system ensured that the artisans working under it were not completely cut off from the market. They were free to sell outside the village the surplus goods left after the fulfillment of community obligations. The traditional economic system based on agriculture and small-scale industries were not disrupted either by the activity of native capital or by the penetration of the foreign merchant capital.

There is historical evidence to indicate that there were food surplus and deficit regions as trade in food grains between regions took place. This contradicts the postulate that a uniform pattern of self-sufficiency for the entire sub-continent existed. For example, rice was being purchased from Konkan coast to be transported through sea to Kerala. Similarly, Bengal rice was sent up the Ganges to Agra via Patna, to Coramandel and round the Cape to Kerala and the various port towns of the West Coast. The best mangoes in Delhi's Mughal Court came from Bengal, Golconda and Goa. Salt to

Bengal was imported from Rajputana. Domestic trade was facilitated by a fairly developed road network. Sher Shah Suri during his short regime laid the foundation of a highway system in India. He alone had built 1700 sarais for the convenience of travelers, mainly traders, on the highways. India exported common foods like rice and pulses, wheat and oil, for which there was considerable demand abroad. Bengal, Orissa and Kanara Coast north of Malabar were the major grain surplus regions. Besides, Bengal exported sugar and raw silk, Gujarat exported raw cotton, while Malabar sent out its pepper and other spices.

The Indian merchant lived in a keenly competitive world but he accepted important social limits to competition. Business was organized around the family with an occasional trading partner from the same social group. Agra during Akbar and Delhi during the reign of Shahjahan were no lesser cities that London and Paris of those days. Foreign travelers who visited India during the Sixteenth and Seventeenth centuries present a picture of a small group of ruling class living in great luxury, in sharp contrast to the miserable condition of the masses. Indigenous sources do not disagree; they often dwell on the luxurious life of the upper classes, and occasionally refer to the privations of the ordinary people. Such sharp inequality in living standards was not peculiar to India; it existed in a greater or lesser degree everywhere, including Europe. The Indian village was highly segmented both socially and economically. There was significant inequality in distribution of farm land, though there was plenty of cultivable waste-land available which could be brought under plough if capital, labour and organization were forthcoming.

The share of produce retained by different classes of peasants varied. The general Mughal formula for the authorized revenue demand was one-third or one-half. The precise share depended on a number of factors—nature of the soil, relationship of the peasant with the Zamindar of the area, traditions, etc. Caste might have also played a role. For instance, in some parts of Rajasthan, members of the three upper castes—the Brahmans, the Kshetriyas or Rajputs and the Vaishyas or Mahajans paid land revenue at concessional rates. Because of these factors one would expect considerable inequality with-

in the village. In any case the class and caste distinctions superimposed on each other made the rural society extremely complex and unequal. In comparison to the rural rich, the urban rich especially the merchants in coastal towns were much wealthier. Some of the merchants of Bengal and Gujarat had stupefying wealth. The pattern of life of the nobility and the upper class in Mughal India has become a byword for luxury and ostentation. There is hardly any evidence to show that the puritan style set up by Aurangzeb had any marked effect on the lives of the nobility. Of course, this consumerism created demand for a horde of luxury items which generated employment, income and general prosperity.

The British Period (1757-1947)

The debate concerning the level of India's economic development in the pre-colonial era is unlikely to ever reach a satisfactory conclusion as the basic quantitative information is absent. Dadabhai Naoraji was the first one to make an attempt to estimate national and per capita income in India. He placed per capita income of India at Rs.30 in 1870 compared to that of England of Rs.450. However, since necessities in India cost only about one-third as compared to England at that time, the real difference in terms of purchasing power parity was not fifteen times but only five times. The statistical reporter of the 'Indian Economist' ran a series of articles on the standard of living in India in 1870. One of the items which were given region wise was value of per capita agricultural output for 1868-69. According to that it varied from Rs.21.7 in Central Province to as low as Rs.11.1 in Madras. Others were Bombay (Rs.20.0), United Provinces (Rs.12.1), Punjab (Rs.17.4) and Bengal, including Bihar and Orissa (Rs.15.9). Region wise birth rates, death rates and life expectancy at birth are given in the table below for the period 1901-1911:

Table 1.1 Region wise birth rates, death rates and life expectancy at birth

Region	Birth rate	Death rate	Life expectancy	
			Male	Female
East	52.8	45.8	22.4	22.8
West	48.1	42.1	24.8	23.8
Central	46.6	31.3	31.7	32.7
North	48.6	48.7	21.7	19.2
South	40.3	32.2	29.8	32.3
All India	47.7	41.7	24.7	24.4

Source; Computed

In 1901, there were 2093 towns in the Indian Sub-continent and about ten per cent of the population was urban. There was considerable variation in the level of urbanization across the country; it varied from 18.8 per cent in Bombay Presidency to five per cent in Bengal Presidency, including Bihar and Orissa. The dependence on agriculture for livelihood varied considerably across the regions. While the share of cultivators in the male working force in Assam, Bihar, Orissa and Uttar Pradesh was 55 per cent or more, it was less than 40 per cent in Gujarat, Maharashtra, Kerala and West Bengal in 1911. Industrialization in India, from the beginning, had been experiencing a duality. European entrepreneurs invested more and more in industries which were mainly export-oriented whereas Indian entrepreneurs concentrated on industries mainly for the Indian markets. Thus jute, tea, etc. were mainly in European hands whereas textile, sugar, etc. were mainly Indian. Apart from other factors, one main reason was that Indian market offered higher profit margins which Indian industrialists found easier to penetrate. Not surprisingly this tendency continues even today.

The benefit of irrigation development was mainly concentrated in northern, western and southern provinces during British period. Central and Eastern India were relatively neglected. This has had serious implications in the post-independence period also. While the former areas were ripe for benefiting from the green revolution package, the latter could not. From its beginning in 1853, India's railway system expanded rapidly to become, by 1910, the fourth-largest in the world this network which covered most of the Sub-continent, radi-

cally altered India's transportation system. Railways vastly increased the speed, availability and reliability of transportation reduced the cost, allowed regional specialization and expansion of trade. For attracting private investors, Government of British India assured guaranteed return. Under this scheme, which was used in other parts of the world to build railways, if a company did not attain a minimum rate of return of five per cent; it received compensation for the difference from the Government. Stimulated by an assured rate of return, British investors swiftly made their capital available to the private railway companies, by 1947 all but a few remote districts in far-flung remote regions were served by railways.

The fiscal system during the British rule gradually evolved into a federal system from a highly centralized control. Over the years relations between the centre and the provinces were made more elastic but not much more systematic. In particular, there was no attempt to equalize provincial levels of public services, or the tax burdens on similar classes of tax payers in different States. There were enormous differences in tax incidence and standards of public services in the beginning, and these differences were perpetuated since precedent was followed rather than any principle. The main source of differences in tax burdens was the variation in the system of land revenue, the largest source of public revenue. This also explained one source of difference in expenditure. Bombay spent much more per head on nearly every head of expenditure than the others. The other provinces clamoured for less inequality but too little effect. Bombay continued to spend far more on every major head than the other provinces, and Bihar and Orissa far less. The poverty of these provinces became evident when they were separated from Bengal in 1912-13.

Table 1.2 Relative Provincial Expenditure per head on selected services 1876-77 and 1927-28, Bengal = 100

Province	General Administration		Education		Health	
	1876-77	1927-28	1876-77	1927-28	1876-77	1927-28
Bombay	374	411	325	345	285	141
Central	185	169	197	131	142	53
Madras	159	193	112	166	139	98
Punjab	244	103	145	199	135	126
United	140	103	110	123	78	51
Bengal	100	100	100	100	100	100
Assam	159	136	117	120	82	121
Burma	470	292	295	276	260	201
Bihar and Orissa	---	75	---	83	---	51

Source: Computed

Many critics also argued that the system did not even encourage economy, but rather extravagance, since the actual expenditure in one period formed the basis of allocations from the centre in the next. For the same reason, the provinces had little incentive to try to raise their tax revenues. A more or less similar situation exists in India even today when the Finance Commissions assess the revenue gaps of the States and try to fill such gaps by increased transfers.

1.4 Post-Independence Period

Government's economic policies during the colonial period were more to protect the interests of the British economy rather than for advancing the welfare of the Indians. The primary concerns of the Government were law and order, tax collection and defense. As for development, Government adopted a basically laissez-faire attitude. Of course, railways, irrigation systems, road network and modern education system were developed during this period. Railways and road network were more to facilitate movements of goods and defense personnel and to facilitate better administrative control. Irrigation canal system was mainly to fight repeated droughts and famines and to boost land revenue. Education, to begin with, was developed mainly to train lower-ranking functionaries for the colonial administration.

Particularly lacking was a sustained positive policy to promote indigenous industry. Indeed, it is widely believed that govern-

ment policies, far from encouraging development, were responsible for the decline and disappearance of much of India's traditional industry. Altogether, the pre-independence period was a period of near stagnation for the Indian economy. The growth of aggregate real output during the first half of the twentieth century is estimated at less than two per cent per year, and per capita output by half of a per cent a year or less. There was hardly any change in the structure of production or in productivity levels. The growth of modern manufacturing was probably neutralised by the displacement of traditional crafts, and in any case, was too small to make a difference to the overall picture.

Along with an impoverished economy, independent India also inherited some useful assets in the form of a national transport system, an administrative apparatus in working order, a shelf of concrete development projects and a comfortable level of foreign exchange. While it is arguable whether the administrative apparatus built by the British helped or hindered development since 1947, there is little doubt that its existence was a great help in coping with the massive problems in the wake of independence such as restoring civil order, organising relief and rehabilitation for millions of refugees and integrating the Princely States to the Union. The development projects initiated in 1944 as a part of the Post-war Reconstruction Programme was of particular value to Independent India's first government. Under the guidance of the Planning and Development Department created by the Central Government, a great deal of useful work was done before Independence to outline the broad strategy and policies for developing major sectors and to translate them into programmes and projects. By the time of Independence several of these were already under way or ready to be taken up. They included programmes and projects in agriculture, irrigation, fertilizer, railways, newsprint and so on. Though the first Five Year Plan began in 1950-51, with the establishment of Planning Commission, a well-rounded planning framework was in place only with the second Five Year Plan after five years. By and large, the basis of the first Five Year Plan was the groundwork done before independence. Most of the principal projects were continuations and major efforts were made to complete them early.

Conclusion

It comes out clearly from the discussions that if the past trends, especially those of the recent past continued for the next two decades or so; India will be a highly uneven nation in terms of various dimensions of public life. Incomes and living standards will vary considerably across the nation. People in most of the southern and western parts of the country will be enjoying fairly high per capita incomes, which may be comparable to those of middle income developed countries today. More than half of the people in this part of the country will be living in cities and towns with all modern facilities. Even in rural areas amenities of modern life and reasonably efficient civic facilities will be available. Almost all the children of school-going ages will be attending schooling. There will be hardly any difference between boys and girls in school. The gender difference in literacy will have almost disappeared. Population growth might have come down below replacement level in all the States in this region. A few States like Kerala and Tamil Nadu might have reached stable population level. The average health and nutrition level might have increased significantly. Life expectancy in all States of this region might have crossed 70, both for men and women.

The sectoral employment and incomes will have changed considerably. The share of agriculture in the State domestic product will be 10 to 20 per cent in different States and the population dependent on agriculture will be 20 to 40 per cent. The share of tertiary sector in employment and income will have increased significantly and accounting for 30 to 40 per cent of employment and 50 to 60 per cent of incomes. Secondary sector will account for the balance. On the whole, productivity of labour will be increased substantially in all the sectors mainly on account of new technologies and skill-endowed labour forces. As a result of secular economic

growth of 8 to 10 per cent for over two decades and negligible population growth, per capita incomes in the region will have nearly quadrupled as compared to today. Even in agriculture, which would have been highly diversified and market-oriented, incomes will have gone up significantly. Also, because of effective watershed management, even in the drought prone areas, yearly fluctuations of agricultural output will have been minimal. Abject poverty and deprivations will be unheard of. An effective food security and social security administered by the village Panchayats takes care of the needs of the poor. The Panchayats will administer most of the civic facilities as well as social and economic infrastructure and services. A similar situation will prevail in the urban areas also. One of the major problems in the larger cities, however, will be ensuring civic facilities and housing for the migrant labour from the other parts of the country.

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