

Research Article

Socioeconomic Inclusion of Indian States and UTs

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ABSTRACT

The progress towards inclusiveness is more difficult to assess because inclusiveness is a multidimensional concept. Inclusive growth affects poverty, significant improvement in health outcomes, universal access for children to schools, increased access to higher education and improvement in standard of life, as well as skill development in each class, caste, religion, region, sex, etc.

The current 5-year plan is very much focused on inclusiveness within the country. The Rao-Manmohan model was basically based on the crisis on that time; therefore, this model developed exclusion in terms of development in some regions, class, religions etc., within the country. This paper deals with an inclusive index, which can measure the different states' inclusiveness. The data were collected from the census of India 2011 and from the report of the planning commission 2013. Appropriate statistical techniques have been used to analyse the data and come to the conclusion that states like Goa, Tamil Nadu, Kerala, etc., are more inclusive states and some others like Bihar, Arunachal Pradesh, U.P., Madhya Pradesh, etc., are more exclusive states from the reform and not implemented efficiently many welfare-oriented programmes.

Keywords: Inclusion, Exclusion, LPG, BPL, UTs

JEL Classification: O180, R110, C00

INTRODUCTION

Inclusiveness is the situation in which a country tends to chose an optimum level of human as well as physical resources. Inclusion deals with removal of a gap,

which may be social or economic. There are many aspects like economics, education, urbanisation, literacy, etc. The present economic world is very much affected by the problem of exclusion. Some countries are being destroyed rapidly, while certain third-world countries have the possibilities for development but this opportunity is not used by them due to many reasons. The same within a country, there is become a gap in income, education, rural-urban, developed- non developed areas etc. The gap has become wider after the LPG policy, 1991. Some areas, people, and sectors grow faster than do the others but this creates exclusion within the country; government planning should focus on this exclusion. So many government plans like MANREGA, JNNURM, etc., and the XI and XII five-year plans are focused on it. Inclusion is a wider concept in which many factors such as financial inclusion, gender inclusion, education inclusion, income inclusion, regional inclusion, etc., are taken into account.

MATERIALS AND METHODS

This study is based on the state-wise secondary data of literacy, gender, urban-rural from census 2011 of India and from the below-poverty-line data based on the Tendulkar Methodology by the Planning Commission's Press Note on Poverty Estimates, 2013. Literacy data are focused on the exclusion in literacy, gender data are useful to find a gap male and female which is cause of exclusion, rural areas are create exclusion of development and poverty also is create an exclusion so these indicators are used to create an index. Geometric mean is used to calculate the estimate index of exclusion.

Formula to Drive Index of Inclusion

$$E = \sqrt[n]{X_1 \times X_2 \times X_3 \times X_4 \dots \dots X_n}$$

E - Exclusion index

X_1 - Percentage of Illiterate population of the state.

X_2 - Difference from the optimum sex ratio

X_3 - Percentage of rural population

X_4 - Population of below poverty line

n - Number of variables

Geometric mean is used because the economic variables of exclusion are given in the form of a ratio. Here, each of the variables of n observations, are multiplied and then the n th root of the product is computed.

The number of variables can be increased depending on time and resources.

Index of Inclusion

$$I = 1 - E$$

Where, *I* - Inclusive index

Literature Review

Rapid and sustained poverty reduction requires inclusive growth, which allows people to donate to and to benefit from economic growth (OECD 2012). Inclusive growth refers both to the pace and to the pattern of growth, which is considered, interlinked, and therefore needs to be addressed together (Commission on Growth and Development 2008). The benefits of growth to the poor were not mitigated by adverse redistribution. On the contrary, favourable redistribution has made an important contribution to the decline in the depth and severity of poverty. The more serious constraint on poverty reduction seems to have been that there just was not enough growth (Datt 1998). Other empirical studies have found increasing regional inequality, particularly since 1991, when economic reforms and openness were launched (Das and Barua 1996; Rao *et al.*, 1999; Kurian 2000). One of the reasons behind the increased income inequality observed in India in the post-reform period has been the stagnation of employment generation in both rural and urban areas across the states. Open unemployment increased in most parts of the country and the rate of growth of rural employment hit an all-time low. Declining employment elasticity in several sectors, including agriculture, was one of the main reasons behind this decline. Low employment generation in the agriculture sector has also been associated with a steady, but significant increase in casualisation of the labour force in India. Owing to large-scale downsizing and privatisation of public sector units, employment generation in the organised sector has also suffered (Pal and Ghosh 2007). Sachs *et al.* (2002) have also examined state-level patterns of growth, searching for patterns to explain the geographical distribution of economic growth, although they do not link it directly to poverty reduction. They identify heavily urban areas, particularly near the coast, as the likely centres for the fastest future growth, and expect income growth to be slower in the interior and in states with poor policy or political environments. They identify Kerala, for example, as unlikely to benefit from its good educational levels and coastal location because of poor labour relations for large businesses. Drèze and Sen (1995) assign less importance to economic growth, although they see a need for 'reasonable' rates of economic growth. They identify the low level of social indicators in India as a factor for the country's poor performance in the past. They note that literacy in India in the early 1990s was about on a par with sub-Saharan Africa. Moreover India shared with only a few countries outside sub-Saharan Africa and south Asia the distinction of a life expectancy of under 60 years.

However, they agree that social indicators cannot offer a complete explanation, as evidenced by the poor economic performance of Indian states that come close to the standards of developed countries for literacy and infant mortality: Drèze and Srinivasen (2000) find several regularities in comparisons over time. Poorer regions tended to grow faster. Regions with lower initial inequality tended to grow faster than did regions with high inequality although fast-growing regions also tended to experience increasing inequality. Regions with high female labour force participation (which also tend to be poorer) also grew faster than did the others. On the other hand, the initial literacy rate did not correlate with growth.

Analysis

Exclusion in Education in Different states

Education is affected by the social and economic environment of the society; therefore, it is the symbol of growth in a nation. India had a problem of exclusion in this respect because there is gap in different states like Kerala, Lakshadweep, Mizoram, which are highly literate states, and on the other hand Bihar, Rajasthan, Jharkhand, Arunachal Pradesh and Andhra Pradesh, which are backward states. The optimum condition is when no one would be illiterate but in India the highest literate state is Kerala with a literacy rate of 93.9 per cent. So in this index whatever the difference from the 100 percentage of literacy rate is a kind of exclusion which is used in this index.

Exclusion in Sex Ratio

India is a man-dominant country and there are more males than there are females. Many states like Kerala and Puducherry have more females than males. The index used the equal percentage male and female for optimum level if either male or female is beyond the equal percentage it create exclusion and as much the gap of male and female higher the exclusion also become wider.

Exclusion in Rural Urban Area

India's villages are a reflection of backwardness in infrastructure; hence, they create an exclusion from the urban areas, although India is a country of villages. The present fundamental infrastructure is not good in India. Rural area is different in various states. The more people who live in villages the more is the exclusion.

Economic Exclusion

Economic exclusion is a wide phenomenon, which is related to economic condition of the family and also differs from person to person. This paper deals with below-poverty population of the states because it a yardstick to measure the exclusion between below poverty line and above poverty line. There is a direct relation

between poverty population and exclusion because the more the poverty the more is exclusion in the states.

Exclusion and Inclusion Indices of Different States and Union Territories

There are four parameters of this index, i.e., literacy rate, sex ratio, rural population and population of BPL. In this paper first we assume the maximum value of one of all variables. Then data was use of above indicators with maximum value of one which is optimum level. First we estimate exclusion on the basis of the four parameters by using the geometric mean, and the difference in the composite exclusion with the unit is called inclusion index as in the table 1.

Table 1: Inclusive and Exclusive Analysis of the States and Union Territories

States and UTs	Education Exclusion	Sex Exclusion	Rural Exclusion	Economic Exclusion	Exclusion Index	Inclusive Index
Andhra Pradesh	0.32	0.01	0.67	0.09	0.12	0.88
Arunachal Pradesh	0.33	0.08	0.77	0.35	0.29	0.71
Assam	0.27	0.05	0.86	0.32	0.25	0.75
Bihar	0.36	0.08	0.89	0.34	0.30	0.70
Chhattisgarh	0.29	0.01	0.77	0.40	0.17	0.83
Goa	0.13	0.03	0.38	0.05	0.09	0.91
Gujarat	0.21	0.08	0.57	0.17	0.20	0.80
Haryana	0.23	0.12	0.65	0.11	0.21	0.79
Himachal Pradesh	0.16	0.03	0.9	0.08	0.14	0.86
Jammu & Kashmir	0.31	0.12	0.73	0.10	0.23	0.77
Jharkhand	0.32	0.05	0.76	0.37	0.26	0.74
Karnataka	0.24	0.03	0.61	0.21	0.17	0.83
Kerala	0.06	0.08	0.52	0.07	0.12	0.88
Madhya Pradesh	0.29	0.07	0.72	0.32	0.26	0.74
Maharashtra	0.17	0.08	0.55	0.17	0.19	0.81
Manipur	0.2	0.01	0.7	0.37	0.15	0.85
Meghalaya	0.25	0.01	0.8	0.12	0.12	0.88
Mizoram	0.08	0.03	0.48	0.20	0.12	0.88
Nagaland	0.2	0.07	0.71	0.19	0.21	0.79
Orissa	0.27	0.02	0.83	0.33	0.20	0.80
Punjab	0.23	0.11	0.63	0.08	0.19	0.81
Rajasthan	0.33	0.07	0.75	0.15	0.22	0.78
Sikkim	0.18	0.11	0.75	0.08	0.19	0.81
Tamil Nadu	0.2	0.01	0.52	0.11	0.10	0.90
Tripura	0.12	0.04	0.74	0.14	0.15	0.85
Uttar Pradesh	0.3	0.09	0.78	0.29	0.28	0.72
Uttarakhand	0.2	0.04	0.69	0.11	0.16	0.84

Contd...

Table 1 contd...

States and UTs	Education Exclusion	Sex Exclusion	Rural Exclusion	Economic Exclusion	Exclusion Index	Inclusive Index
West Bengal	0.23	0.05	0.68	0.20	0.20	0.80
Andaman & Nicobar	0.14	0.12	0.64	0.01	0.10	0.90
Chandigarh	0.14	0.18	0.03	0.22	0.11	0.89
Dadra & Nagar Haveli	0.22	0.23	0.53	0.39	0.32	0.68
Daman & Diu	0.13	0.38	0.25	0.10	0.19	0.81
Lakshadweep	0.08	0.05	0.22	0.03	0.07	0.93
NCT of Delhi	0.14	0.13	0.03	0.90	0.15	0.85
Puducherry	0.13	0.04	0.32	0.10	0.11	0.89
INDIA	0.26	0.06	0.69	0.22	0.22	0.78

Note: Author's self-calculation.

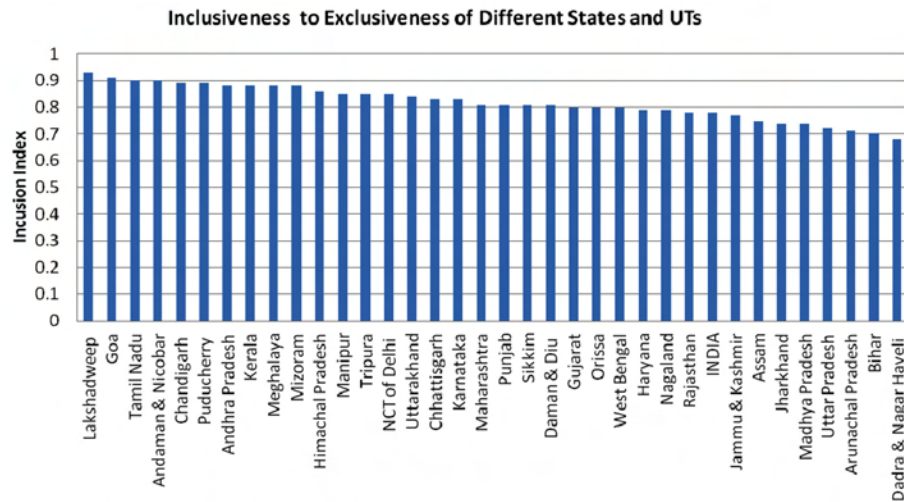


Figure 1: Exclusion of Different States of India

More Inclusive States

States	Inclusion Index
Goa	0.91
Tamil Nadu	0.90
Kerala	0.88
Andhra Pradesh	0.88
Mizoram	0.88
Meghalaya	0.88
Himachal Pradesh	0.86

More Exclusive States

States	Inclusion Index
Bihar	0.70
Arunachal Pradesh	0.71
Uttar Pradesh	0.72
Madhya Pradesh	0.74
Jharkhand	0.74
Assam	0.75
Jammu & Kashmir	0.77

Limitations of this study

Although this paper deals with an indicator that indicates the inclusiveness of all states of India, there are only a few variables and inclusion demands a lot of variables. The inclusion index has wider concepts, which include income distribution, number of bank accounts of a state in terms of financial inclusion, development of rural people, women, different age groups, different castes, religions etc. However, lack of time and resources bound this study to only a few indicators. The census data used in this study are provisional.

CONCLUSION AND SUGGESTIONS

This study shows that Goa, Tamil Nadu, Kerala, Andhra Pradesh, Mizoram, Meghalaya, Himachal Pradesh, etc., are states that are more inclusive on the other hand Bihar, Arunachal Pradesh, U.P., Madhya Pradesh, Jharkhand, Assam and J&K are more exclusive from the reform as distribution of welfare has not reached these states like than others. The Government of India should focus on those states which are more exclusive with the respect to literacy, sex ratio, rural population and poverty alleviation in different states.

1. Although economic growth of Bihar has significantly changed after an era, it is still very exclusion when compared with the states.
2. Dadra Nagar Haveli, Bihar, Arunachal Pradesh, U.P., Madhya Pradesh, Jharkhand, Assam and J & K have a gap and inequality and hence there is a need to focus more on these states.
3. Many states have less exclusion, but there is also a need to focus on these where exclusion has occurred.
4. Lakshadweep is more the most inclusive Union Territory because the Inclusion Index there is 0.93.

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