

How our less developed states can catch up with the rest

Livemint, 15 July 2022, Updated: 15 Jul 2022, 12:44 AM IST

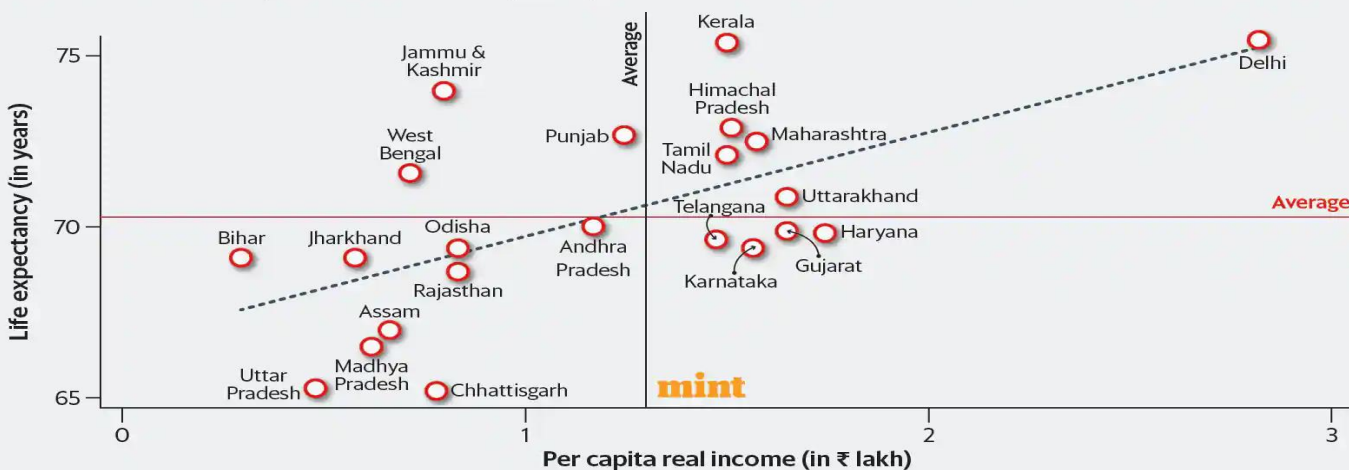
Sudipto Mundle

Our least developed states could up their game by pursuing policies and practices seen in those with betterbalanced growth

In my [column](#) of 20 May 2022, I had discussed three contrasting patterns of development seen in the states of Bihar, Gujarat and Tamil Nadu. Several readers had commented that the discussion should be extended to all states. In response, I present here a very simple analysis covering all 22 states for which the required data is available.

Development challenge

States with high per capita growth but low life expectancy need to focus on social policies while those low on both parameters could perhaps take cues from what has worked for better-off states.



Performance of select states

State	Annual GDP growth (%) 2010-11 to 2019-20	Per capita real income in ₹ (2019-20)	Life expectancy in years (2014-2018)	Transfers from Centre as % of govt expenditure (2019-20)
Delhi (UT)	6.8	2,93,145	75.3	27.8
Himachal Pradesh	6.9	1,65,372	72.9	52.2
Haryana	8.3	1,97,872	69.8	16.1
Uttarakhand	7.0	1,67,813	70.9	37.7
Punjab	5.8	1,32,700	72.7	23.6
West Bengal	5.3	80,651	71.6	39.7
Andhra Pradesh	7.2	1,29,697	70.0	30.0
Bihar	7.8	33,979	69.1	63.8
National average	7.0	1,29,198	70.3	36.1

Data compiled by Dinesh Nayak

Source: SRS, RGCCI, MoHA, NSO, MoSPI

Per capita income is considered an incomplete measure of development, while the Human Development Index (HDI), a more people-centric measure, is a complex index, sensitive to the weights of its many constituent indicators, and it has been evolving over time. Life expectancy is considered the best summary measure of socio-economic success by Sen and others [Amartya Sen, 'Mortality as an indicator of economic success and failure', *The Economic Journal*, 108 (446), 1998]. While it is significantly correlated with per capita income, it is also determined by other quality-of-life elements. In the data on Indian states, per capita income accounts for only 38% of the variation in life expectancy, as indicated by the regression line (dotted) in the adjoining scatter diagram (for the statistically inclined, the regression equation is significant at 1% level with an R-square value of 38.3). I have used life expectancy in addition to per capita income in classifying states into various development groups.

In the bivariate development classification adopted here, the 22 states fall into four broad groups partitioned by the national averages of per capita income and life expectancy (as shown in the chart). In the top right quadrant, we have six states, Delhi, Kerala, Himachal Pradesh, Maharashtra, Tamil Nadu and Uttarakhand, where life expectancy and per capita income are both higher than India's average. Their trend growth rates are robust at 6-7% or more. These 'balanced growth' states are the most successful development states in India.

In the upper left quadrant, we have Jammu & Kashmir, Punjab and West Bengal, 'low growth' states which grew at trend rates of less than 6% during the reference period, compared to the national average of 7%. They also have per capita incomes below the national average except in Punjab, but life expectancy is well above the national average. Policies in these states should focus on promoting growth.

In the lower right quadrant, we have four 'high growth' states with opposite features: Gujarat, Haryana, Telangana and Karnataka. They all grew at trend rates of over 8%, with Gujarat the highest at 9.2%, and their per capita incomes are also above the national average. However, life expectancy is below the national average in all these states. Social development should clearly be their policy priority.

Finally, in the lower left quadrant, we have a large group of least developed states: Andhra Pradesh, Bihar, Jharkhand, Odisha, Rajasthan, Assam, Madhya Pradesh, Uttar Pradesh (UP) and Chhattisgarh. Both per capita income and life expectancy are below the national average in these, in some cases way below. Thus, per capita income in UP and Bihar were only ₹50,000 and ₹34,000 respectively, compared to the national average of ₹1.3 lakh in real terms in 2019-

20. Similarly, life expectancy was only 65.2 years and 65.3 years in Chhattisgarh and UP, respectively, compared to the national average of 70.3 years.

India's key development challenges appear most starkly in these states. Over 52% of the workforce in these states is still dependent on agriculture; 69% in Chhattisgarh, compared to the national average of 43%. It indicates how these states have lagged behind the structural shift of the workforce from agriculture to industry and services. The intense pressure of population on land results in very low productivity and income for these workers. Low life expectancy in these states reflects their low level of social development. These states are more dependent than others on the government rather than private entrepreneurs to lead development, reflected in their higher share of public expenditure in GSDP. They are also much more dependent on resource transfers from the Centre, which accounts for 44% of public spending in these states as compared to the national average of 36%.

Most worrying is that these poorest and least developed states include the most populous, with a large and growing share of the workforce. As Sonalde Desai alerted us in 'The Missing Women', (Indian Express, 11 July 2022), the future of India rests in the hands of children growing up in states like UP, Bihar, MP and Chhattisgarh. Unless these children are educated and skilled to find decent jobs when they enter the workforce, perhaps by migrating to more developed states, India will face a ticking social time bomb in the not-too-distant future: millions of frustrated, jobless and angry young men and women.

How can this challenge be addressed? The large development distances within this group and between this group and the more developed states may point to a way forward. While there are large differences in legacy, resource endowments and other conditions among states, they all have the same political, administrative and socio-economic framework, the same macroeconomic environment and a common market. There are more similarities among them than differences. Hence, it is conceivable that these least developed states can significantly up their game by pursuing policies and best practices seen in the more developed states, especially the 'balanced growth' states.

These are the author's personal views.

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