CHAPTER 2

REVIEW OF LITERATURE
2.1 Reviews Related to Growth and Development

Till a long time, there was a profuse usage of the terms development and growth quite interchangeably. We would like to furnish below the conceptual definitions regarding growth and development. **Brinkman, R. (1995)** in his paper tries to explore the distinction between economic growth and economic development. The author corroborates the fact that for a substantially long period of time, theories of economic growth were assumed to mean theories of economic development because of being considered as conceptual equivalents. This delusionary outlook carried with it the implied meaning that a country with higher growth will also be experiencing development. He further notes that Myrdal’s idea of including social system in the ambit of development by accounting for ‘health and education, class stratification, distribution of power, institution and attitudes’ was a modern concept of economic growth. He also mentions that growth is replication of more and more of the same structure which actually does not lead to development citing the example of a tepee which cannot become a skyscraper simply by growing whereas **Flammang R.A. (1979)** underscores the fine thread that holds the intricate balance between interrelatedness and dissimilarity between growth and development. He has very exquisitely presented how the concepts of growth and development evolved with time and also criticized how fallacy steeped into these definitions. The idea that both development and growth are competitors contesting for limited resources is very fascinating when resources for development would employ resources for innovation, new technology and new input-output mixes; growth will concentrate in improving the productivity of the existing factor-input or output mixes. He sees growth without development and development without growth as a possibility.

Development is quintessentially a normative concept with a much wider base than economic growth. **Phillipe A. & Bolton P. (1997)** develop a growth and inequality model wherein the trickle-down effect of capital accumulation has been analysed. In order to understand the availability of funds to poor for investment purposes, borrowing and lending in capital markets is studied so as to understand the functioning of trickle down approach. The model assumes a closed economy framework with a continuum of agents wherein each agent lives for one period in which he/she works and invests. The income which he earns from this activity is divided into consumption and bequests and each agent has one off-spring and
therefore the distinguishing factor among individuals would be the initial wealth endowments.

In the initial stages of development, rich lenders having large pool of wealth have favourable lending rates. Wealth inequalities arise because investment projects generate random returns for which entrepreneurs are not insured. This situation gradually changes when with faster capital accumulation larger availability of funds tend to shift the lending terms in favour of borrowers. This pattern of development gives rise to Kuznets Curve which is further reinforced by capital market imperfections.

The typical Rostovian growth in stages did not find favour in Service-led growth path followed by India. With the globalisation and liberalisation policies, certain sectors flourished. Moreover with the IT sector boom, IT sector flourished. (Service-led growth) but still India managed to be agriculture dominated state with its large chunk of workforce working not in the booming service sector but agriculture. Many authors have analysed the typical route of agriculture-to industry-to services not followed by Indian economy.

2.2 Reviews Related to Economic Reforms

The macroeconomic crisis that brought a wave of economic reforms was intended to give a facelift to the Indian economy. Jalan B. (2002) opines that it was not the BOP crisis that crippled the Indian economy but the ‘erosion of public savings in the hands of public sector’. He underscores four reasons viz. low actual growth in income/industrial development; success of Japan and East Asian economics; collapse of Soviet Union and market-led development strategy followed by Eastern European countries.

Panagriya (2001) notes that with re-introduction of Open General Licensing in 1976, tariff rates for imports in 1980s were raised abysmally high to avail tariff revenue from quota rents although large exemptions were given on these goods. With the reforms measures, removal of import licensing and curtailing tariff rates, there was considerable buoyancy in exports in the first half of 1990s which although further slowed down due to decline in world trade. This robust performance of exports helped to abate trade deficit from an average 2.7 per cent of GDP during 1980s to just 0.9 per
cent from 1992-93 to 1995-96. But, with East Asian crisis, came the meltdown of exports thereby again widening the gap to 1.6 per cent during 1996-97 to 1998-99. (Kumar, N., 2001) Panagriya, A. (2004) divides the policy changes in the external sector into three phases viz. 1950-75 with tighter control that represented a closed economy; 1976-91 was the period when liberalization in this rigid structure took place especially in the second half of 1980s and then the third phase commencing from 1992 which entailed a series of systematic reforms. Rodrik, D. & Subramanian A.(2004) attribute the origin of higher growth rate not to the liberalisation regime of 1990 but the process that was already existent in early 1980s. He further goes on to elaborate that it was the attitudinal shift of Govt. Policies that actually favoured business reforms much prior to market reforms in 1990s and the breakthrough performance was observed much before 1990s. The author corroborates with the fact that 1991 reforms were indeed the watershed in the macroeconomic scenario of Indian economy but its origin dates back to a decade. The author has profusely used the two distinguishing terms viz. Pro-market and pro-business reforms for the initiatives that segregated the reforms prior to 1991 and post 1991. He further elaborates that the pro-business laid greater stress on internal reforms by bringing down restrictions that thwarted the progress of industrial and commercial units by easing restrictions on capital expansion, price controls and corporate taxes etc. which actually benefitted already existing units. On the other hand, pro-market reforms were meant to create a conducive environment for the new entrants and consumers. In fact, the author notes that with prior public investment in higher education, the pro-business reforms turned Wipro and Infosys established in 1980 and 1981 respectively a huge success. The registered and organised manufacturing sector gained heavily with the pro-business reforms.

On why is it legitimate to expect growth from economic liberalization, Kotwal et al (2011) underscore the role of import liberalization in enabling access to capital equipment embodied with new technology. Freedom of entry creates competition in market enabling efficient firms replace inefficient ones thereby relocating factors to more productive use. Hirway, I. (2011) outlines that economic reform fuelled growth in Indian economy was expected to raise labour productivity thereby reducing poverty and improving human development via increased employment and wage hike but it did not happen because of the non-percolation of benefits i.e. failure of trickle-down
theory. Bhagwati, J.(2002) in his disagreeable tone argues that reforms undertaken to enhance economic growth were not indifferent to poverty alleviation that growth could not be seen in seclusion as this growth acts as a lever in the sense that the pull factors of growth would result in employment, provide the edifice for revenue generation to create social overhead capital and also enable using of these social incentives. He emphasises that he himself while at Planning Commission quintessentially considered growth as key strategy to raise the minimum income level. He convincingly refutes Raj Krishna’s ideology behind Hindu Growth Rate (3.5 per cent) that accuses deep rooted cultural factors responsible for the stagnant growth of Indian economy by highlighting that Indian economy is very much in the capacity of transcending cultural factors. He enumerates the following causes leading to low rates of growth. i.) anti-globalisation policies that thwarted the opportunities which could have resulted because of enhanced trade and direct foreign investment ii.) excessive reliance on inefficient PSUs that were afflicted with losses owing to overstaffing and lack of incentives iii.) capital intensive choice of techniques iv.) presence of direct controls stood as a role model for countries warning them what not to do to attain sustainable development. Though he accepts that certain sections of poor like tribals may stand neglected but then growth needs to be attached with supplemental policies.

As Kar, S. and Sakthivel, S.(2007) note that though some of the piece-meal reforms were initiated in 1985 that set place for partial liberalization but then public sector was still considered as the engine of growth. It was only after economic policy reforms in 1991 that full-fledged liberalization took place. Adopting a neo-liberal model of development meant bringing in a massive change in the outlook of the economy as a whole. Passing the baton from planned development to the play of market forces entailed a series of reforms in trade, industry, banking and fiscal sector of the economy.
2.3 Reviews Related to Economic Sectors

Below, we present literature survey of the broad plausible issues that affect agriculture performance of an economy.

I. Small and Marginal Landholdings

Dev, S. M. (2012) has tried to examine the challenges faced by small and marginal farmers that constitute more than 80 per cent of the landholdings and with time has registered increase. The author has highlighted the challenges faced by these small and marginal farmers. Feminisation of agriculture with men migrating to rural non-farm sector though applauds the involvement but raises issues like denying of property rights to women. Socially disadvantaged groups of Scheduled Castes and Scheduled Tribes form the highest chunk of small and marginal farmers but they are downsized because of the inaccessibility of adequate market information and credit facilities. Among other challenges are land tenancy issues, low level of formal education, globalization challenges in the face of highly subsidized and protectionist policies adopted by developed countries, impact of climate change in the absence of mitigation mechanisms, risk and vulnerability issues in terms of health, labour market, harvest and community and water management issues when small farmers are more prone to use groundwater as compared to middle and large farmers using canal water.

II. Inputs to Agriculture

Earlier, land and labour productivities were calculated to understand the impact on agricultural development but restricting productivity of output to the traditional inputs like land, labour, irrigation or fertilizer alone will only put severe strain on the understanding of the productivity dynamics of agriculture. Adopting such a narrow approach for the inclusion of input variables will render the model mis-specified and lead to grave policy errors (Adams, J. & Bumb, B. (1979)). In their paper, they have undertaken 17 variables to examine the determinants of varying agricultural productivity of 26 districts of Rajasthan with the help of factor analysis. These 17 variables attempted to measure natural resource endowments, land use factors that affected agriculture yield, technological use, institutional development in terms of credit availing facilities, infrastructural development indicators and four remaining variables were included with an understanding that there is a flow of information from
urban to rural areas, proximity of rural areas to urban industrial centres and literacy as a measure of human resource development and radio as a means of disseminating information on a mass scale. The author reiterates the Hicksian analysis which recognizes complementarities among inputs.

Chand, R., Raju, S.S. & Pandey, L.M. (2007) examine the severity of the growth crisis in Indian agriculture in the context of opening up of the economy in 1991 and also after complying with the WTO standards. To assess the growth of plausible factors affecting agriculture output, a disaggregated picture of growth rate from 1980-81 to 1990-91, 1990-91 to 1996-97 and 1996-97 to 2004-05 was undertaken. They found that terms of trade witnessed a sharp increase in the initial years of reform i.e. 1990-91 to 1996-97 but it declined heavily thereafter. Factors like gross cropped area, net sown area, crop intensity, gross irrigated area, NPK use/ha, electricity consumption /ha, area witnessed crop shift, terms of trade, public sector net fixed capital stock/ha, private net fixed capital stock/ha, total net fixed capital stock/ha and credit supply/ha.

An empirical analysis was carried out at national level to scrutinize the effect of various factors on the agriculture GDP. Three model constructs were used to avoid the problem of multi-collinearity involving explanatory variables viz. rainfall, terms of trade between agriculture and non-agriculture, institutional credit, public investment, fertilizer, irrigation and crop intensity. The first model which comprised of rainfall, terms of trade between agriculture and non-agriculture, public sector capital stock and institutional credit as explanatory variables had all the regression coefficients significant showing a positive relationship with the regressand. The power of the regression model is 98.71 per cent.

Many research studies like those of Chand (2007) have opined that although economic reforms did not affect agriculture directly but through exchange rate, export liberalisation and favourable terms of trade, agriculture sector could be incentivised. Desai, B., M. & Namboodiri, N.V. (1997) *consider it to be a conflicting argument that investment and technical change could benefit from favourable TOT through indirect impact of economic reforms when various studies like Rosegrant consider non-price factors to affect technical change via public investment in agriculture research, extension education and infrastructure. In this paper, the authors have tried
to analyse impact of both price and non-price factors on growth of total factor productivity of agriculture for the period 1966-67 to 1989-90. They have taken barter terms of trade, cumulated government expenditure on agricultural research and education and crop production programme (GERD), P2O5 to N fertiliser ratio, canal irrigated land, rural literacy, density of regulated market yards, fertiliser dealers and field offices of RFIs, rural road density, gini ratio of land owned land distribution, gini ratio of operational land distribution, annual average rainfall. They found non-price factors like research and development and agriculture infrastructure to be playing a greater role in bringing rapid improvement in technical change.

Kakarlapudi, K.K. (2012) in his paper has attempted to assess the performance of Indian agriculture in the post reform period and also compared it with the pre-reform period. Through his paper, he underscores three factors that affected agricultural growth in India viz. area under cultivation, yield and cropping pattern. With farm land been increasingly put to use other than cultivation and marginal landholdings being on the increase, area expansion faces severe constraint. Moreover, the need for a second green revolution owing to the technological fatigue that is said to restrain the supply side factors has been quite influential in affecting the agricultural slowdown. The author emphasizes on supply side factors like lack of infrastructure development, technological support, reduction in area under cultivation and withdrawal of subsidies by the State were responsible to be comparatively more responsible than the demand side factors for the growth deceleration in Indian agriculture. Moreover, reduction in area under cultivation and decreasing yield for crops in the post reform period were the important factors that were responsible for deceleration in Indian agriculture.

Singh, J. & Sidhu, R.S. (2004) have tried to analyse the cropping pattern of Punjab agriculture that is exceedingly characterised by wheat-rice specialisation in the wake of waning diversity in cropping pattern that was once a diversified structure comprising of cotton, maize, oilseeds, gram, barley and guar as well. In the study of 14 major crops that covered 85-90 percent area across various districts of Punjab for the period 1967-68 to 2001-02, the authors found that the state witnessed period of stagnation after 1990-91. Das, P. ( ) emphasize that the multiple cropping system followed by farmers were the result of rain-fed agriculture and the pressing need of providing food security for their own households. Though, many researchers acknowledge land as an indispensable input to agriculture but, due to empirical
difficulty, land is taken as homogenous factor of production. Kannan, E. and Sundaram, S. (2011) in their paper developed a crop output growth model based on neo-classical framework in which they found Gross capital formation, rainfall, Gross Irrigated Area and fertiliser consumption to positively affect the growth in crop output. They divided the period of study from 1968-69 to 2007-08 into four phases viz. early green revolution, mature green revolution, early economic reforms and economic reforms. Between the triennium ending 1970-71 and 2007-08, the gross cropped area lost by food grains to non-food grains was 12.02 per cent which was mainly due to declining area under coarse cereals. Crops were grouped into four categories based on high, medium, low and negative CAGR for all the states from 1967-68 to 2007-08.

Joshi, P.K., Birthal, P.S. & Minot, N. (2006) in their study tried to decompose the growth in crop income into increase in yield, area, price and diversification of low to high value crops. When the state of M.P. is achieving laurels for its stupendous growth rates, for the past 6-7 years, a scholarly work by Chand, R., Raju, S.S., Garg, S and Pandey, L.M. (2011) highlight how misleading can be the rates of growth at aggregate level and a disaggregated level of districts. Agriculture productivity in none of the districts could cross 28000 per hectare mark except for the districts of Indore and Burhanpur in Madhya Pradesh which lie in the average and high productivity; the lowest being Anoopur with 6491 per hectare.

It will be better if we say that not growth alone but growth coupled with stability in agriculture is the matter of concern. The Ninth Plan aimed to achieve a growth target of 4 per cent in agriculture coupled with price stability. With the onset of Green Revolution, though food self-sufficiency was achieved in India but with the passage of time, growth in crop yield started to taper off. The issue of sustainability and consistency in food grain production for the ever burgeoning needs of growing population and their changing consumption basket has time and again emphasized the role of inputs and their relative contribution to agriculture. Initially, the rise in productivity was due to area expansion but with technological intervention, yield increases set the productivity levels high. Constraining the productivity of output to land and labour alone has put severe strain on the understanding of the productivity dynamics of agriculture. "As a general rule, therefore it is better not to limit productivity indexes that purport to measure change in efficiency to a comparison of
output with a single resource. The broader the coverage of resources, generally, the better is the productivity measure. The best measure is one that compares output with the combined use of all resources” (Fabricant, 1959).

Total Factor productivity is the residual part of output which is not measured by the increase in the quantity of inputs (Rosegrant). It leads to understanding the level of economic efficiency. As we saw in the earlier research papers, it was land and labour productivities that were calculated to understand the impact on agricultural development but lately a concept has been put forward known as Total Factor Productivity.

**Total Factor Productivity:** The traditional method of assessing productivity with respect to land has received severe criticism owing to its narrow approach. Negating the impact of factors other than land will render the exercise futile because it will not be able to explain the changes in crop yields. Moreover, these unaccounted inputs have costs attached to them. (Evenson, R.E., Pray, C.E. and Rosegrant, M.W. (1999) have highlighted this issue and therefore have resorted to TFP approach. Total Factor productivity is the residual part of output which is not measured by the increase in the quantity of inputs. It leads to understanding the level of economic efficiency.

Coelli, T.J. (1996) in his paper tries to investigate the agricultural productivity in Western Australia for the period from 1953-54 to 1987-88. Three output groups viz. crops, sheep product and others and five input groups viz. Livestock, materials & services, labour, capital and land along with total output and total input has been constructed with the help of Tomqvist Index which takes into account the ratio of all outputs to all inputs instead of considering a single output/input in isolation. He found that the TFP has increased at an average annual rate of 2.7 per cent for the study period. It also overcomes the inherent assumption of linear production function in the productivity index that is based on Laspeyer’s or Paasche’s index.

2.4 Reviews Related to Development Model of States

**Kerala Model**

The three states of Travancore, Cochin and the Malabar district of Madras Presidency were merged to form the State of Kerala in 1956. With the highest HDI in 1981, 1991
and 2001 on one hand and a disproportionately lower per capita income on the other hand, which in fact is lower than the national average, the paradox of Kerala's model of development as Chakraborty P. (2009) points out presents itself as an interesting case study. The exemplary performance of the State in the human development indicators is not only highest among all other States but also more or less equitable within the State as well. In fact, the worst performing districts, as the author notes are much above the national average. Tracing the roots, the author finds that state intervention after the formation of State of Kerala and the 'pro-social' policy stance by the princely states before 1947 were influential in bringing in the wave of social development. Real Per Capita Income of eight out of fourteen districts of Kerala in 2005-06 and 2006-07 were found to be below the State average. However, many research studies contend that faster growth of income has been witnessed since late 1980s the author tries to analyse that if the recent growth surge in Kerala is due to heavy investment in human capital by the Govt., then how has it affected Govt. finances. Revenue deficit which accounted for 82.5 per cent of the fiscal deficit by the end of 2004-05 was driven by heavy social sector expenditure. The budgetary spending was curbed down because of the decentralized planning model adopted by the State and since 1996-97 onwards, 35-40 per cent of total plan funds are being devolved to local bodies out of which 75-85 per cent of the devolution was in terms of grants-in-aid and the rest in the form of schemes sponsored by the State Govt. so as to give maximum autonomy to the local bodies in drawing up the development programmes but even this three-tier model needs adequate fiscal autonomy.

Veron, R. (2001) in her paper has very beautifully described the two contours of Kerala development model; one that existed prior to 1990s with redistributive policies and a consummate performance in social indicators and secondly, the other referred to as New Kerala model as the author calls it which sought reconciliation among social, productive and environmental objectives at the local level after 1990s. In fact, it was the loophole and limitation of the old Kerala Model in the form of an underdeveloped industrial sector with a stagnant agricultural sector, unemployment characterized by a massive educated population, unrelenting poverty in tribal especially fisher folk, Tamil labour migrants, elderly women and widows that gave rise to a new paradigm of development in Kerala. From state-led intervention to democratic decentralization referred to a shift from top-down to bottom-up approach of development planning.
The author also argues that as Kerala never had to face vulnerability owing to ecological constraints, it could not tread on the sustainable development path with regards to environmental standards but lately, disruption of backwater ecosystems, signs of deforestation, paddy conversion, soil, water and air pollution have become more apparent. Thus, by embarking on a community based strategy for sustainable development, Kerala appears to explore the synergy between State and citizens. The state of Kerala went a step further by aiding administrative decentralization with financial devolution.

Parayil, G. (1996) in his paper argues that rather than following a normative concept for how sustainable development should be practiced, one should see for the characteristic features that are close to the possible idealization of a sustainable development paradigm and Kerala is one such example. The author gives a brief sketch of the socio-economic and political profile of the State. He inarguably mentions that the massive reduction in population growth rate from 44 per thousand in the 1950s to 18 per thousand in 1991 is distinctive because no coercion measures were used like that in China. Land reform programme with some of the prominent features like land to the tiller, elimination of absentee landlords and introduction of Agricultural Workers Reform Act in 1970s. He further throws light on the oft discussed issue of labour militancy that is said to offset investors from outside Kerala and finds from Heller’s study that labour mobilization has helped to mediate class conflicts as electoral representatives took serious notice of the issues of labour movements. Active social movement is another promising feature that has not only mobilized the general masses in social endeavour concerning environmental protection, culture and education notably the role of NGOs like Kerala Sastra Sahitya Parishad or KSSP. In fact, Parayil, G.(1996) further argues that a sustainable model of development should not be viewed merely from the environmental context but also social, political, and economic justice indicators that amply reflect the quality of life lived by the citizens.

Gujarat Model

prominent secondary and tertiary sectors of Gujarat economy, the factory sector has been rather pronounced with its capital intensive nature. As the authors note that in the beginning of 21st century, the State of Gujarat had the laurel of being the second most industrialized, the third most urbanized and the fifth richest state in terms of PCI but he also further mentions that the glaring problem of intra-regional imbalance is an issue of deep concern. Till 1970s, the base of Gujarat economy stood strong with the textile mills but with its collapse, two-thirds of industrial production and half of employment generated through industrialization in the State were brought to an end. He found that a trend growth rate of merely 1 per cent (approximate) was observed in income originating from primary sector from 1970-71 to 2000-01 whereas high rates of growth have been witnessed in both registered and unregistered manufacturing sectors. In 1980s, registered and unregistered manufacturing sectors recorded 8.9 and 7.1 per cent growth rate from 6.7 and 3.9 per cent in 1970s but when the trend declined in registered manufacturing, cottage and small scale units of unregistered manufacturing sector recorded increase in 1990s. Here, the author underscores that output of unregistered manufacturing sector grew faster during liberalization compared to the earlier decade but the growth in registered manufacturing sector was comparatively slower during liberalization owing to the fact that license permit regime was a roadblock in the growth of registered units. The trend in services sector has been from 5 per cent in 1970s to 7 per cent in 1980s and further to 8 per cent in 1990s. But in contrast with the growth rate, the manufacturing sector registered a decline from 17.2 per cent in 1981 to 15.9 per cent in 1991; the employment in agriculture sector came down from 61 per cent in 1981 to 52 per cent in 2001. He concludes by saying that the growth in secondary and tertiary sectors could not create positive impact on the primary sector which has the highest labour absorption capacity along with the falling employment rate in the industrial sector.

Hirway, I. (2000) strongly asserts for the relook at the development path adopted by the state as employment, poverty and human development do not coincide with the stupendous figures of economic growth. Despite a diversified economic structure, the disengagement that exists between agriculture and industry questions the sustainability of economic growth of the State. As the author emphasises that despite the State witnessing commendable agriculture growth rates in sixties and seventies of 2.27% and 4.15% respectively, the decade of eighties and nineties saw a stagnated
period in this sector. On one hand, the extensive cultivation and increased irrigation facilities in sixties and Green Revolution in seventies led the agriculture growth rate higher, while on the other hand, the delay in upgrading technological intervention led to saturation in eighties and nineties.

On what went into the making of the exuberant industrial performance of Gujarat, Hirway, I.(2000) asserts that the framework of the industrial structure in Gujarat was already put in practice even before the onset of New Industrial Policy, 1991. Gujarat’s plank for vying attention for industrial investment was through giving out incentives and concessions, resulting into lion’s share of benefits going to large and medium enterprises over SSI sector. Acknowledging the fact that providing subsidies and concessions is not a sufficient condition to attract industries; the State thus gave high priority to infrastructure as well.

2.4 Reviews Related to M.P.

Kawadia, G.(2001) analysed the growth performance of M.P in terms of NSDP covering the period from 1960-61 to 1989-90. Although the average annual growth rate in NSDP for this period was 3.51 per cent but after fitting a semi-log quadratic function which measures the nature of growth, he found this growth rate pointing towards an accelerated long term growth. Further with the help of dummy variables in which the year of break was taken as 1979-80, he found both time and dummy regression coefficient to be positive and significant at 1 per cent level implying the improvement in economic performance of the State after 1979-80. A similar exercise with the break year as 1974-75 gave a positive yet insignificant dummy regression coefficient asserting that this was not the year when the economy of M.P. made a jump to a higher trajectory of growth. A rapidly growing services sector was found to be the principal driver behind this high growth rate. Minocha, A.C. (2001) remarks that the shift in sectoral shares in NSDP did not bring similar shift in the employment structure and though the industrial performance of the State fared better than the All-India average during the eighties but it could not solve the problem of unemployment and poverty. Another study by Kawadia, G.(2009) found the collapsing growth in agriculture sector coupled with stagnant growth in manufacturing sector to be responsible for the low growth of NSDP with 2.44 per cent during 2002-06 from 6.13 per cent during 1994-01. He further emphasizes on the
consequences that has followed the structural transformation with a growing service sector and states that in the absence of inter-sectoral linkages, the growth performance of the state has not only been dismal but lacks regional inclusiveness. In the recent years, when the growth performance of the State is being hailed as phenomenal, Kawadia, G. & Philips, S. (2012) trace the source of growth to the agriculture sector which is still largely monsoon dependent. The authors also contend that social development of the State has seen marked improvement compared to previous years which points towards a wholesome approach towards development process in the State. R.S. Pawar (2001) argues that in Madhya Pradesh, there exists constant migration of working population from rural to urban areas. Even with 23.17% urban population in the State, the cities have all the symptoms of overcrowding. The mad rush of the people from rural to urban areas is not the result of “pull-forces” of the towns but is the consequence of “push-forces” that emanate from rural areas. Shah A, (2002) has ardently analysed the spatial poverty that exist in dry land regions of western-southern part of the country and forest based regions in the central-eastern part of the country and found that contrary to reports that suggest dry land regions have lower incidence of poverty as compared to forest based regions; the reason being diversified economic structure, a developed market with infrastructural facilities available and favourable agriculture relations. The author outlines that despite the highest rates of poverty prevailing in states like Bihar (58.2%), Orissa (49.7%), Assam (45%), U.P. (42.3%) and M.P. (40.6%), the rate of poverty reduction has been slower with Bihar having reduced poverty at the rate of 7.6% and Madhya Pradesh being an exception by reducing poverty at the rate of 35%. The author also underscores that a large proportion of migrant workers in these regions have to resort to find employment in construction activities which is said to have the highest incidence of poverty. As human capabilities have emerged as both a cause and manifestation of poverty, the author strongly opines that in order to understand poverty, the spotlight has shifted to education and health.

Pani, P.K. (2007) in his paper has tried to examine the performance of industrial sector in Madhya Pradesh from 1996-97 to 2002-03. With the help of various reports from Annual Survey of Industries, key indicators of industrial sector viz. number of factories, fixed capital, number of workers, net value added and gross fixed capital formation were analysed. The author found decline in the number of factories, fixed
capital, total number of workers and Gross Fixed Capital Formation. He further elaborated the industrial performance of M.P. with the help of structural ratios. M.P. performed better than the All-India average on output per worker, value added per worker, workers per factory, and fixed capital per factory although some of the structural ratios were on a decline.

The present study aims to study the recent on the development path as traversed by the State is still missing in the literature. The macro-economic nature of the study purports to raise issues for further discussion strongly accepting the synergies that exist at the inter-sectoral level as well as between economic and social development of the State. The vastness of the study again becomes the limitation as well because of the inability to include everything in one thesis.