Chapter-V
Conclusion and Suggestion
5. CONCLUSION

India is not a slow moving tortoise but a fast running Tiger. In the world, China and India are considered as fastest growing economies at two digit growth of GDP. It is mostly due to the introduction of globalization in 1991. One of the discontent of the post globalization growth is the rising inequalities across states in India. Divergence in the growth is to be seen between states in terms of Net State Domestic Product and Per Capita Net State Domestic Product in India. From the Rank Analysis technique it was observed that states maintained their ranks i.e. the gap between the richer and the poorer states did not narrowed down. This was confirmed by using the method of Kendall’s coefficient of concordance. To show the divergence in NSDP, coefficient of variation was regressed with time. The outcome curve was an upward sloping curve showing growing inequalities with time.

In the study among twenty eight states /UTs, few are very high income regions. It may assume that disparities had emerged because of the inclusion of those regions. To avoid this confusion, separate analysis had done to show the disparities in per capita NSDP using coefficient of variation and standard Deviation analysis. In both the cases, the CV of the per capita NSDP of states excluding High Income
regions, shows an upward sloping trend indicating diverging inequalities in the level of PCNSDP in India. Also from $\alpha$, $\beta$, and $\sigma$-convergence, we can state that the level of PCNSDP in the pre- and post-globalization period, we found that the $\beta$ coefficients are positive and significant in almost all the cases, indicating widening of inequalities. An effort has also made to analyze the inequalities among states in terms of share of PCNSDP among five poorest and five richest states. It can be stated that the share of group of richest states is continuously increasing while the share of group of poorest states is falling leading to increasing gaps.

In terms of generating employment opportunities, globalization process is more favourable towards Private sector than Public sector. In the public sector, the number of employed has increased rapidly in the pre-globalization period but in the post global era it showed a downward trend. In case of Private Sector, the number of persons employed moved favourably upward throughout the period with some fluctuations. It can also be stated that in the post globalization period, the average earning in agriculture has gone down significantly over time in relation to that in other sectors. The growth rates of employment in mining and quarrying, manufacturing and community, social and personal service sector have kept pace with the
overall growth in labour force, their percentage shares remaining stable over the years. Financial services, Trade, Transport and Electricity sector are the gainers. To show how employment is influenced by the level of NSDP in pre and post globalization period, a correlation technique is used. The value in the pre globalization period was positive and negative in post global era. But in both the cases, the values lied below 0.5, thus not significant. We also found wide variation among states, and in males and females in different sectors in pre and post globalization period.

A poverty inequality in the pre and post globalization period is also analyzed. It is shown that the absolute numbers of poor’s in both rural and in all India, has fallen but has increased in urban area. However differences between rural and urban areas regarding trends in poverty at all India level are also shown. It is also shown that in both rural and urban areas, poverty is concentrated in few states, comparing both the pre and post globalization period, we can say that globalization has no positive impact on poverty. Though poverty ratios have declined but this trend continued as it was also in the pre-globalization period. To show the relationship between GDP and Poverty ratios, a correlation analysis has been done which states that there is a strong negative relation between GDP increase and decrease in poverty ratio.
In order to reduce the existing inter-state disparities certain specific strategies has to be evolved by the government both at the centre and state level. What is need is that well managed states must be encouraged to reach their full growth potential and their superior performance could then serve as a model for others to emulate. This process is bound to generate some differences in growth performance across states, but such differences can have a healthy demonstration effect. The various measures that can be taken to reduce the inter state disparities, thereby using the backward states at par with the developed states are:

(1) The governments of backward states are fiscally weak and lack resources. Liberalization process and various reforms have further weakened their financial position. It is hoped that resources flows to the states via Finance commission awards and planning commission dispensation will continue and are likely to remain positively discriminating in favour of backward states.

(2) In the earlier plans, capital flows whether public or private, were largely regulated in nature. However, in the post globalization period capital flows have become more market oriented. Thus, there is a need to create suitable market
conditions in the backward states, so that capital flows are directed towards them.

(3) The investment in agriculture needs to be stepped up especially in the lagging regions. The backward and forward linkages of agriculture in poorer regions need to be emphasized more. Investment in water harvesting, soil conservation, rural roads, warehouses, processing activities and promotion of high value crops should be emphasized. Since agricultural growth is found to be more disparate, steps to equalize it will certainly reduce the regional imbalances.

(4) Service sector has been found to be new driver of the growth process. Especially, the banking and insurance sector and infrastructure have contributed to acceleration of many states. There is a need to promote these sectors, on priority, in backward regions.

(5) Improvement in basic infrastructural facilities like power, transport, telecommunication and irrigation in backward states is a precondition to improve the quality of life of people and to usher in sustainable development in them. Availability of assured power supply developed transport
system and modern telecommunication facilities are important factors to attract private investments into these states.

(6) Creation of new states from the large backward states: past experience shows that when two or more states are carved out from an existing one, the newly created states develop faster than the pre-partition states.

(7) Poverty reduction is an important measure to reduce regional disparity. Poverty does not merely mean lack of income, it include vulnerability; powerlessness and social exclusion. It is seen that the backward states have a high poverty ratio, as such it is important for these to pursue policies that break the vicious circle of poverty.

(8) Promote FDI movement in the backward regions is another measure that will help these states to develop at a faster pace.

Thus, the solution lies not merely in increasing resource flows to backward regions but in creating an enabling environment to attract more resources, using them properly and assuring a fair deal to the investors. The overall investment climate and governance need to be upgraded.