

A Comparative Analysis of Leading States with Economically Poorer States in India

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Abstract: Economic diversification is the main feature of Indian economy. Income distribution and poverty remains the main variable diversification. Poverty is a multidimensional concept, that effected by many variables. An attempt has been made in the present paper to examine a comparative analysis of poverty and financial status of leading states with economically poorer states in India. The study based on primary data and simple statistical tool has been used. Study concluded that it may be concluded that poverty and outstanding loan was correlated with each other for most of stats. The state have lower rate of poverty reported lower rate of outstanding loan. But in some cases like Bihar where poverty rate was higher but outstanding loan was lowers.

Keywords: Diversification, Outstanding Loan, Finance, Foreign Investment.

Introduction: India is leading the growth path of world economics. After 1991-92 our economy raise as the leader of developing countries with the growth rate of 7.9 per cent for the year 2015-16 (Economic Survey). The country having a population of 121 crores as the growth rate of population was 17.7 per cent for the decade 2001-2011. On other hand UNESCO reported that the number of poor was highest in India.

Poverty is a multidimensional phenomenon, in which a section of society is even unable to fulfill its basic needs of life. Poverty is a

widespread issue and across the world, it has been a serious problem in the development process for quite a long period of time and alleviation of poverty has been one of the major challenges faced by India too. At aggregate level 269.78 million people i.e., around 21.92 per cent of total population are living below poverty line in India. The poverty in India has decreased from 354.68 million (29.80 per cent) in 2009-10 to 269.78 million (21.92 per cent) in 2011-12 but still it is very high as compare to other developed and

developing countries as the population of India is very high. The person below poverty line in India was 269.78 in 2011-12 while the total population of USA was 312.8 in 2012. To control and decrease the curse of poverty, different sets of actions like universal targeting, direct intervention for improving the condition of the poor and alleviating their poverty has been adopted by different countries (Nayyar and Rohini 2016).

As mentioned earlier that poverty has a multidimensional approach, economic parameters is also plays a significant role in this direction. In economic parameters we include mode of earning, expenditure pattern, source of finance and outstanding loans.

Outstanding liabilities is the total amount of debt and obligation that remains unpaid including short term liabilities, outstanding payable and accrued interest. Outstanding liabilities affect the poverty of the country and state as well because a poor has more liabilities as compare to others.

Hence an attempt has been made in this paper to examine the status of outstanding liabilities and poverty; and a comparison of

both in the top five and lower five states that has been categorized in the paper on the basis of their GSDP (Gross State Domestic Product).

Objectives: There are three main objectives of the study:

- To examine the status of outstanding loan in top five and lower five states in India.
- To examine the poverty status of top five and lower five states in India.
- A comparison of loan outstanding and poverty among the states.

Review of Literature: Review of literature is an important exercise in research because it helps the researcher to find out the research gap. A number of research studies have been undertaken by different researchers in the field of poverty and finance in India.

- Parvathamma (2014) examined the India's experience with poverty, its trend and the approaches for the poverty eradication in his study. The study revealed that inequality has increased in recent years especially after the reforms of 1991. The

researchers also revealed that the income elasticity of poverty was decreased and with the growth the gains for the poor was limited. Weak participation of poor, limited access to education, land credit and underdeveloped infrastructure facilities such as irrigation, electricity, health and road were the reasons for the limited gains.

- Sahoo and Dash (2009) examined the economic growth of India and role of infrastructure for the period 1970-2006. The study revealed that the infrastructure, labor force and total investment play a significant role in the economic growth of India. Simultaneously the study further revealed that the development of infrastructure plays a significant and positive contribution towards growth rather than both private and public investment.
- Amit (2014) has observed the role of economic growth, foreign investment and financial development in entrepreneurship development in India in his study.

The study revealed that the investment per MSME was positively influenced by financial development in long run while foreign investment and economic growth influenced investment in short run. Production per MSME was positively influenced by economic growth and financial development in the long run.

- Kumari (2013) has examined the national policies, plans and programs of poverty eradication in India in her study. The study showed the goal of poverty alleviation programmes was merely to increase the income level of individual, households or group but the country cannot claim economic growth when the people of the society were marginalized with the programs.

Research Methodology: To fulfill the above said objectives time-series data has been used which is collected from CSO- New Delhi, March 2017, Planning commission (NSSO) Govt. of India and RBI Bulletin March 2016 on poverty and outstanding liabilities in India. Simple statistical techniques like average, percentage have

been used to examine the status of poverty and outstanding liabilities; and a comparative study of both in India i.e., percentage and rank method.

Result and Discussion:

Table No. 1: Top Five and Lower Five States in India

Sr. no	States	Rank of states on the basis of per capita GSDP	Per capita GSDP in Rs.
1	Goa	1 st	304666
2	Delhi	2 nd	275174
3	Sikkim	3 rd	240274
4	Haryana	4 th	165728
5	Kerala	5 th	155005
6	Jharkhand	29 th	62091
7	Assam	30 th	60621
8	Manipur	31 st	58442
9	Uttar Pradesh	32 nd	49450
10	Bihar	33 rd	33954

(Source: CSO- New Delhi, March 2017)

Table no. 1 has shown the rank of different states that has been given to the states on the basis of their GSDP (Gross State Domestic Product). The first rank has been given to Goa as the state has the highest GSDP while Bihar has the last rank.

Haryana (165728) and Kerala (155005) respectively. Moreover, the lower five states were, Jharkhand (62091), Assam (60621), Manipur (58442), Uttar Pradesh (49450), and Bihar having 29th, 30th, 31st, 32nd and 33rd respectively.

The top five ranks have been given to Goa (304666), Delhi (275174), Sikkim (240274),

Table No. 2: Poverty Status of Top Five and Lower Five States in India

Sr. no	States (with rank in India on per capita GSDP basis)	No. of person below poverty line (percentage of poverty in state)	State's percentage of poverty in India (269.78 million in India)
1	Goa (1st)	0.08 (5.09%)	0.029 %
2	Delhi (2nd)	1.70 (9.91%)	0.63%
3	Sikkim (3rd)	0.05 (8.19%)	0.018%
4	Haryana (4th)	2.88 (11.16%)	1.06%
5	Kerala (5th)	2.40 (7.05%)	0.88%
6	Jharkhand (29th)	12.43 (38.98%)	4.6%
7	Assam (30th)	10.13 (31.98%)	3.45%
8	Manipur (31st)	1.02 (38.89%)	0.37%
9	Uttar Pradesh (32nd)	59.2 (29.43%)	21.94%
10	Bihar (33rd)	35.82 (33.74%)	13.27%

Report based on Tendulkar Methodology Base year 2011-12 Planning commission, (NSSO)

Govt. of India

The above table shows the data on poverty of top five and lower five states and their share in India's poverty. Sikkim has

estimated minimum number of persons under poverty i.e., 0.05 million while 59.2 million persons was under poverty in Uttar

Pradesh but their percentage share has varied in the given states as 5.09 per cent persons of Goa was under poverty line as lowest and 38.98 per cent was found under poverty in Jharkhand as the highest percentage. The table also explained the percentage share of states in the poverty of India. The lowest share in the India's poverty was of Sikkim (0.018%). Similarly, (%) indicate the percentage

Goa, Delhi, Kerala and Manipur has less than one per cent share in the country's poverty i.e., 0.029, 0.63, 0.88 and 0.37 per cent respectively while the highest share was of Uttar Pradesh (21.94%).

Table No. 3: Status of Outstanding Loan on Top Five & Lower Five States in Billion Rupees

Sr. no.	States	Bonds/SDL and RBI Loans	Loans from Banks and FIs	Loans from central govt., PF and other	Total loan of states	Percentage share of state in total outstanding loan on all states
1	Goa (1st)	9.5	6.5	57.7	159.2	0.50%
2	Delhi (2nd)	299 (NSSF)	-	53.3	353.0	1.11%
3	Sikkim (3rd)	25.2	3.6	11.1	39.9	0.12%
4	Haryana (4th)	963.7	29.1	262.4	1255.2	3.95%
5	Kerala (5th)	973.9	51.7	574	1599.6	5.03%
6	Jharkhand (29th)	397	43.9	129.5	570.4	1.79%

7	Assam (30th)	236.4	16.8	159.1	412.3	1.29%
8	Manipur (31st)	41.2	2.1	37.2	80.5	0.25%
9	UP (32nd)	2328.5	455.8	1283.1	4067.4	12.81%
10	Bihar (33rd)	746.6	53.5	354.7	1154.8	3.63%

(Source- RBI Bulletin)

Table 3 explains the status of outstanding liabilities in the above said states of India. The maximum of loan was taken by Uttar Pradesh i.e., a total of 4067.4 billion Rs. followed by Kerala (1599.6) Haryana (1255.2) and Bihar (1154.8) as the loan of

these states was more than 1000 billion Rs. while the minimum of loan was found in Sikkim (39.9) followed by Manipur (80.5) and Goa (159.2). The percentage share of liabilities also shows the same trend for the states.

Table No. 4: Comparison of Poverty in Outstanding Loan in Top Five & Lower Five States of India

Sr. no	States	No. of person below poverty line (percentage of poverty in state)	State's percentage of poverty in India (269.78 million in India)	Total loan of states	Percentage share of state in total outstanding loan on all states
1	Goa (1st)	0.08 (5.09%)	0.029 %	159.2	0.50%
2	Delhi (2nd)	1.70 (9.91%)	0.63%	353.0	1.11%
3	Sikkim (3rd)	0.05 (8.19%)	0.018%	39.9	0.12%
4	Haryana (4th)	2.88 (11.16%)	1.06%	1255.2	3.95%
5	Kerala (5th)	2.40 (7.05%)	0.88%	1599.6	5.03%
6	Jharkhand (29th)	12.43 (38.98%)	4.6%	570.4	1.79%
7	Assam (30th)	10.13 (31.98%)	3.45%	412.3	1.29%

8	Manipur (31st)	1.02 (38.89%)	0.37%	80.5	0.25%
9	Uttar Pradesh (32nd)	59.2 (29.43%)	21.94%	4067.4	12.81%
10	Bihar (33rd)	35.82 (33.74%)	13.27%	1154.8	3.63%

(Source- RBI Bulletin, Report based on Tendulkar Methodology Base year 2011-12, Planning Commission (NSSO), Govt. of India)

The above table has shown that the Uttar Pradesh has maximum numbers of poor people and the share of the state is also highest in India's poverty as well as the outstanding loan is also highest among states. Bihar is second largest state in poverty according to the numbers of poor people and its share in India's poverty but its outstanding loan is quite lower than that of Kerala and Haryana. States like Goa, Kerala and Sikkim having least poverty among states a negligible share in India's poverty. The agro-climatic and economic conditions of the states are different from each other. For ex. in the field of literacy, health and education Kerala is forward than that of other states similarly, in the field emigration and remittances and tourism development Kerala is on first position among states so it is obvious that the GSDP is higher while in case of Bihar population density, monsoons and natural calamities

like flood and lack of industries, health and education facilities may be the reasons for their poverty. At last it may be concluded that there are several determinants of poverty but outstanding liabilities has a very close relation with poverty.

Conclusion: Despite being one of the fastest growing economies of the world after china with the growth rate of 7.9 per cent in the year 2015-16 the number of poor people was very high as compare to other developing countries. It may be concluded that poverty and outstanding loan was correlated with each other. The state have lower rate of poverty reported lower rate of outstanding loan. But in some cases like Bihar where poverty rate was higher but outstanding loan was lowers. Poverty is the one of the biggest hindrance in the development process of India. It was found in the study the Uttar Pradesh is the state

having 32nd position among states according to their GSDP and maximum number of poor's with in state with highest share in India's poverty. Similarly, the state is also having the highest amount of outstanding liabilities while Sikkim is having lowest numbers of poor people outstanding liabilities.

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