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## Global Competitiveness, Inclusive Growth and Development in India

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### ABSTRACT

Off late, India is demonstrating improvements in its global competitiveness ranking and is registering fast economic growth. Surpassing China in its economic growth in 2016, India, which was seeing a dip in its global competitiveness during 2007-08 to 2014-15 (from 48<sup>th</sup> to 71<sup>st</sup> ranking), has witnessed improvements and was at 39<sup>th</sup> place in 2016-17 in global competitiveness rankings. OECD Economic Survey, India, 2017 also finds 7.5 percent economic growth for India, which is the fastest growing G20 economy, where strong growth impetus in lieu of accelerated structural reforms, rule based policy framework and controlled commodity prices is observed. Moreover, apt and operational execution of the goods and services tax would promote improved competitiveness, increased fdi inflows and better economic growth. In a way, inclusive growth would be promoted through pervasive tax reforms. However, India is noted for vast and widening regional disparities, particularly in the post reform period where large spatial disparities are observed in the standards of living, between urban and rural areas as well as better off and backward states. It is also found that comprehensive policy reforms at state and local levels could improve productivity and lead to reduction in spatial inequalities. Present paper attempts to see the association between improved global competitiveness and inclusive growth and resultant decline in regional disparities in India. Text is devoted to three major themes of improved *global competitiveness*, boosted *inclusive growth* and *development in India*.

**Keywords:** Economic growth, global competitiveness, inclusive growth, post reform India, regional disparities.

### 1. INTRODUCTION

In the post-cold war globalization era, India switched from mixed economy to open market system. Through stabilization and structural adjustments, India adopted new economic policies in 1991. Since then India is experiencing growth in its economy, and increased FDI flows. Currently, India's economy, is the third

largest in the world (in terms of purchasing power parity), second largest in terms of population and largest democracy in the world. Projections by the World Bank expect India to be the second largest economy in purchasing power parity by 2050 (PWC, 2017) and largest population in the world by 2025 (Population Foundation of India, 2007).

By 2016, India has arisen to be the economy with fastest growth, owing to the stagnation and down swing in Chinese economy. Global competitiveness reports have shown a continuous improvement in India's rankings from 43<sup>rd</sup> in 2006-07 to 71<sup>st</sup> in 2014-15. Last two years have registered tremendous advances in the global competitiveness rankings 55<sup>th</sup> and 39<sup>th</sup> in 2015-16 and 2016-17 respectively (Table 1). Earlier, India's ranking was lowest amongst BRICS countries, but now it has improved and India (39<sup>th</sup>) is behind China (28<sup>th</sup>) only, where as Russia, South Africa and Brazil were at 43<sup>rd</sup>, 47<sup>th</sup> and 81<sup>st</sup> ranks respectively (Table 2).

**Table 1**  
**India's Rankings in Global Competitiveness Index (2004-05 to 2016-17)**  
**The Global Competitiveness Index Rankings**

Year	Top Rank Country	India's				Bottom Rank Country		
		Score	Rank	Score	Rank		Score	Rank
2004-05	Finland	5.95	1	4.07	55	Chad	2.50	104*
2005-06	Finland	5.94	1	4.04	50	Chad	2.37	117
2006-07	Switzerland	5.81	1	4.44	43	Angola	2.50	125
2007-08	United States	5.67	1	4.33	48	Chad	2.78	131
2008-09	United States	5.74	1	4.33	50	Chad	2.85	134
2009-10	Switzerland	5.60	1	4.30	49	Burundi	2.58	133
2010-11	Switzerland	5.63	1	4.33	51	Chad	2.73	139
2011-12	Switzerland	5.74	1	4.30	56	Chad	2.87	142
2012-13	Switzerland	5.72	1	4.32	59	Burundi	2.78	144
2013-14	Switzerland	5.67	1	4.28	60	Chad	2.85	148
2014-15	Switzerland	5.70	1	4.21	<b>71</b>	Guinea	2.79	144
2015-16	Switzerland	5.76	1	4.30	55	Guinea	2.84	140
2016-17	Switzerland	5.81	1	4.52	39	Yemen	2.74	138

Source: Various Global Competitiveness Reports. (\*Denotes the number of countries ranked in the Index).

Trends in changing contours of global competitiveness rankings have seen dips and boosts and certainly these trends affect economic growth. It raises some crucial questions like, what causes fluctuations in India's rankings in global competitiveness? How these affect India's economic growth? Whether improvements in competitiveness and economic growth will lead to decline in regional disparities? To answer these questions present paper attempts to analyze India's global competitiveness, and its association with economic and inclusive growth which affects its development patterns. Discourse of patterns and trends of these variables are as follows:

## 2. GLOBAL COMPETITIVENESS

Since 2004, every year, report on Global Competitiveness is being published by World Economic Forum (Geneva), to assess the determinants of economic growth of world countries. Competitiveness of a country

is measured through its productivity as determined by its set of institutions, policies and factors. Growing productivity boosts the income levels furthering higher investments and subsequent higher growth potential. Global Competitiveness Index (GCI) is calculated through the twelve pillars of competitiveness which are grouped into three sub index groups viz., *basic requirements*, *efficiency enhancers* and *innovation & sophistication factors*. *Basic requirements* cover the competitiveness pillars of institutions, infrastructure, macroeconomic stability, health & primary education; whereas higher education & training, goods/services market efficiency, labour market efficiency, financial market sophistications, technological readiness, market size etc. are part of *efficiency enhancers* sub index. Business sophistications and innovations are under third sub index group of *innovation & sophistication factors* (World Economic Forum, 2017). In 2016-17 Global competitiveness report, 138 countries were ranked according to these competitiveness indicators, where Switzerland (5.81) and Yemen (2.74) were found on the two extremes of global competitiveness.

GCI rankings and scores of top and bottom countries viz. a viz. BRICS and South Asian countries for 2015-16 and 2016-17 are depicted in table 2. Switzerland has maintained its first ranking since 2009-10. Bottom ranks have been shared by Angola, Brundi, Chad, Guinea and Yemen. This year Yemen (2.74) at 138 rank topped the list from below and was the least competitive country.

Among the top ranking countries, Switzerland (5.81) was first ranking country followed by Singapore (5.72), United States (5.70), Netherlands and Germany (5.57). All these and other developed countries have reached the innovation driven stage and are also noted for very high human development indices (UNDP, 2016). On the other hand, countries like Yemen (2.74) Mauritania (2.94), Chad (2.95), and Guinea (2.84) have registered the lowest GCI rankings. All these Sub Saharan African Countries are very poor and are very low in their human development indices (UNDP, 2016). In case of Yemen, the war torn country, becoming a failed state has deteriorated in all the competitiveness measures and has become the bottom most country in this regard.

**Table 2**  
**Top and Bottom Rankings in Global Competitiveness**

<i>Country/Economy</i>	<i>2016-2017</i>		<i>2015-2016</i>	
	<i>Rank</i>	<i>Score</i>	<i>Rank</i>	<i>Score</i>
	<i>(out of 138)</i>		<i>(out of 145)</i>	
Switzerland	1	5.81	1	5.76
Singapore	2	5.72	2	5.68
United States	3	5.70	3	5.61
Netherlands	4	5.57	5	5.50
Germany	5	5.57	4	5.53
China	28	4.95	28	4.89
India	39	4.52	55	4.31
Russian Federation	43	4.51	45	4.44
South Africa	47	4.47	49	4.39
Sri Lanka	71	4.19	68	4.21
Brazil	81	4.06	75	4.08
Bhutan	97	3.87	105	3.80

(Contd...)

Country/Economy	2016-2017		2015-2016	
	Rank	Score	Rank	Score
	(out of 138)		(out of 145)	
Nepal	98	3.87	100	3.85
Bangladesh	106	3.80	107	3.76
Pakistan	122	3.49	126	3.45
Chad	136	2.95	139	2.96
Mauritania	137	2.94	138	3.03
Yemen	138	2.74	145	2.98
Guinea	-	-	140	2.84

Source: Global Competitiveness Reports, 2015-16 & 2016-17.

India (4.52) has registered a lot of improvement in overall competitiveness in last two years and has improved its rank from 71<sup>st</sup> in 2014-15 to 55<sup>th</sup> in 2015-16 and 39<sup>th</sup> in 2016-17. However, India was the lowest ranking BRICS country in 2014-15, is now only behind China (4.95 and 28<sup>th</sup> rank). India is undergoing policy reforms and improving in terms of innovations, business sophistications and financial market sophistications (Table 3). Amongst the neighbor SAARC countries, India holds the top rank followed by Sri Lanka (71<sup>st</sup>), Bhutan (97<sup>th</sup>), Nepal (98<sup>th</sup>), Bangladesh (106<sup>th</sup>) and Pakistan (122<sup>nd</sup>) respectively. India is the largest economy, largest market and largest FDI investor destination in South Asia (World Economic Forum, 2017).

India lists 39<sup>th</sup> in 2016-17 GCI ranking out of 138 countries and is second among BRICS economies. India's rankings in GCI were never smooth. Since its inception in 2004-05, When India was placed at 55<sup>th</sup> rank and improved to 43<sup>rd</sup> in 2006-07, but again its ranking consistently deteriorated since then and reached to the lowest of 71<sup>st</sup> in 2014-15. It was the last year of UPA government in New Dehli, which was increasingly being criticized for corruption and scandals under its second innings (2009-14). It was virtually, eroding investors faith in the system and governance, hence lowering economic growth, investments and its competitiveness (Singh, 2015).

Individual rankings of India in all the three sub-indexes and twelve measures of competitiveness, depicts that only in four pillars of competitiveness, these rankings were better than the overall (39).

Three hundred million plus middle class makes it one of the largest markets, not only in South Asia but also in the world, providing 3<sup>rd</sup> rank in the market size. It also fared well in terms of innovations (29), Business sophistication (35), and financial market sophistication (38), in lieu of reformed policy revisions (Table 3).

**Table 3**  
**India's Rankings in Global Competitiveness in 2016-17**

S.No.	Global Competitiveness Pillars	(Sub-indexes)	Rank in 2016-17
1	Institutions	Basic Requirements	42
2	Infrastructure	Basic Requirements	68
3	Macro-economic stability	Basic Requirements	75
4	Health & primary education	Basic Requirements	85

(Contd...)

<i>S.No.</i>	<i>Global Competitiveness Pillars</i>	<i>(Sub-indexes)</i>	<i>Rank in 2016-17</i>
5	Higher education & training	Efficiency Enhancers	81
6	Goods/services market efficiency	Efficiency Enhancers	60
7	Labour market efficiency	Efficiency Enhancers	84
8	Financial market sophistication	Efficiency Enhancers	38
9	Technological readiness	Efficiency Enhancers	110
10	Market size	Efficiency Enhancers	3
11	Business sophistication	Innovation & Sophistication factors	35
12	Innovation	Innovation & Sophistication factors	29

*Source:* Global Competitiveness Report, 2016-17.

In all the competitiveness pillars, improvements have been noticed. Goods/services market efficiency (60), infrastructure (68), macro economic stability (75), higher education & training (81), labour market efficiency (84) and health & primary education (85) have shown progress and improvements in their rankings. Only in case of technological readiness (110) improvements are lower and still put it above hundred ranking. Future progresses in these pillars of global competitiveness would be achieved by reducing rigidity in labour markets, reducing the digital divide and enhancing technological innovations. Presently, India is low on the internet accessibility map and is amongst the least digitally connected economies. Make in India and startup India are envisioned towards removing these bottlenecks and making India bigger and smoother economy (Govt. of India, 2017).

### 3. INCLUSIVE GROWTH

Economic growth denotes an increase in value of services and goods produced in a given economy during a given year. It reflects the percentage increase in GDP (gross domestic product) of a given country during that period. Growth rates of state domestic products of various states of India during post reform period, 8<sup>th</sup> to 12<sup>th</sup> five year plans, are depicted in table 4. Gujarat, Maharashtra, Utrakhand, Mizoram and Bihar have registered double digit growth rates during these plans. Where as Gujarat and Maharashtra registered very high industrial growth, Utrakhand and Mizoram boosting on their tourism potential. Bihar is an exception in this growth owing to good governance and better policy implementations (Gupta, 2012).

Inclusive growth refers to the economic growth which caters to all segments of society and distributes the increasing prosperity dividends, judiciously across all sections of society. Particularly, after new surge of globalization during the last decade of past century, inequalities amongst rich and poor people have increased. Top one percent people of the world have half of the wealth, and top ten percent people hold eighty five percent wealth whereas the remaining ninety percent hold only fifteen percent wealth (Oxfam, 2014). Inequality is increasing between the rich and poor, after new globalization surge in all countries, developed as well as developing. Inclusive growth asks for distributing the prosperity amongst all people and particularly focuses on the upliftment of poor and including all sections of society in development and growth.

Inclusive development index (IDI) is brought by World Economic Forum's Report on Inclusive Growth and Development. IDI is based on twelve indicators, grouped in three broad categories of

**Table 4**  
**Growth Rates of State Domestic Products of Various States during Post Reform Period in India**  
**Growth Rates in State Domestic Products (SDP) in States of India**

<i>States</i>	<i>8th Plan (1992-97)</i>	<i>9th Plan (1997-02)</i>	<i>10th Plan (2002-07)</i>	<i>11th Plan (2007-12)</i>	<i>12th Plan*</i> (2012-17)
Andhra Pradesh	5.4	5.5	8.2	8.2	8.3
Bihar	3.9	3.7	6.9	9.9	10.0
Chhattisgarh <sup>#</sup>	6.6	4.5	8.8	7.7	8.0
Goa	9.0	5.7	8.5	9.1	8.5
Gujarat	12.9	2.8	11.0	9.5	9.2
Haryana	5.2	6.1	9.0	9.0	9.0
Jharkhand <sup>#</sup>	3.9	3.7	5.0	9.3	8.5
Karnataka	6.2	5.8	7.7	7.2	7.5
Kerala	6.5	5.2	8.3	8.2	8.0
Madhya Pradesh	6.6	4.5	5.0	9.2	8.8
Maharashtra	8.9	4.1	10.1	8.6	8.6
Odisha	2.3	5.1	9.2	7.1	8.0
Punjab	4.8	4.0	6.0	6.7	6.5
Rajasthan	8.0	5.3	7.1	8.5	7.2
Tamil Nadu	7.0	4.7	9.7	7.7	7.7
Uttar Pradesh	5.0	2.5	5.8	7.1	7.2
West Bengal	6.3	6.5	6.2	7.3	7.0
Arunachal Pradesh	5.0	6.6	6.2	8.5	8.5
Assam	2.8	1.8	5.0	6.8	7.0
Himachal Pradesh	6.5	6.3	7.6	8.0	8.0
Jammu & Kashmir	5.0	4.2	5.5	5.9	6.5
Manipur	3.7	4.7	6.7	7.8	6.5
Meghalaya	4.0	7.2	6.7	7.8	8.0
Mizoram	...	5.7	5.9	10.8	9.0
Nagaland	7.2	6.5	7.4	6.2	7.0
Sikkim	4.6	6.6	7.7	22.8	8.5
Tripura	6.7	9.4	6.9	8.9	8.2
Uttrakhand <sup>#</sup>	5.0	2.5	11.1	12.8	9.5

*Source:* Planning Commission of India.

\*Planning commission's projections.

<sup>#</sup>Growth rates for 8<sup>th</sup> and 9<sup>th</sup> Plan are taken growth rates of parent states.

Growth and Development (including per capita GDP, Labour productivity, Employment and Human life expectancy); Inclusion (including the Median of household income, Poverty Rates, Gini coefficient of income; Gini coefficient of Wealth); and Intergenerational Equity and Sustainability (including adjusted net savings; Public debt as GDP's share; Dependency ratio; and carbon intensity of the GDP). It is considered more comprehensive measure of economic growth than GDP. World economies are broadly categorized in 30 advanced economies and 79 developing economies (World Economic Forum, 2015).

IDI scores are measured on scale of 1 to 7, where the worst case is indicated by score 1 and the best with 7 score. Due to different poverty definitions in developing and advanced economies, data are not truly comparable. As some countries don't have the data on comparable indicators, so these are not assigned any index values. Case of Singapore and Algeria falls under this category and these are not assigned any value in the indices.

**Table 5**  
**Rankings in Inclusive Development Index, 2017**

<i>S.No.</i>	<i>Inclusive</i>	<i>Development Index</i>	<i>Score overall</i>	<i>Rank</i>
1	Norway	(Developed economy)	6.02	1
2	Luxembourg	(Developed economy)	5.86	2
3	Switzerland	(Developed economy)	5.75	3
4	Italy	(Developed economy)	4.18	27
5	Portugal	(Developed economy)	3.94	28
6	Greece	(Developed economy)	3.68	29
7	Lithuania	(Developing economy)	4.73	1
8	Azerbaijan	(Developing economy)	4.73	2
9	Hungary	(Developing economy)	4.57	3
10	<b>Russia</b>	(Developing economy)	<b>4.42</b>	<b>13</b>
11	<b>China</b>	(Developing economy)	<b>4.40</b>	<b>15</b>
12	Nepal	(Developing economy)	4.24	27
13	<b>Brazil</b>	(Developing economy)	<b>4.13</b>	<b>30</b>
14	Bangladesh	(Developing economy)	4.03	36
15	Sri Lanka	(Developing economy)	4.01	39
16	Pakistan	(Developing economy)	3.56	52
17	<b>India</b>	(Developing economy)	<b>3.37</b>	60
18	<b>South Africa</b>	(Developing economy)	<b>3.09</b>	<b>70</b>
19	Zambia	(Developing economy)	2.84	76
20	Malawi	(Developing economy)	2.83	77
21	Mozambique	(Developing economy)	2.79	78

*Source:* Inclusive Growth and Development Report, 2017.

Table 5 depicts that Norway with score of 6.02 is the top most developed economy with highest IDI value. Surely the Scandinavian countries depict higher human development, competitiveness as well as inclusive growth. In case of developing economies, Lithuania (4.73) is the highest scorer in developing economies category, followed by Azerbaijan (4.73) and Hungary (4.57). India depicts a dismal picture at 60<sup>th</sup> rank far behind other South Asian countries like Nepal (27), Bangladesh (36), Sri Lanka (39) and Pakistan (52). Amongst the BRICS economies, Russia (13), China (15) and Brazil (30) were far ahead of India and only South African economy (70) fared below it. Most of Sub-Saharan African economies are very poor and mostly are under very high debts. In case of India also, despite the fact that it is the third largest economy on the basis of purchasing power parity and currently, the fastest growing economy, however, its debt to GDP ratio is high which brings its IDI rank very down.

Growth rates of gross domestic products of India during the plan periods are highlighted in table 6. Post reform period plan growth rates give mixed picture, as although actual growth rates increased but these were below the targeted growth rates, except only during the eighth plan period actual growth rate of GDP was 6.8 percent which was higher than the targeted growth rate of 5.6 percent. It was the initial push given by the new economic policy which lead to higher growth rates in early years. Ninth, tenth and eleventh plans growth rates increased but these were lower than the targets. Eleventh plan witnessed eight percent growth and twelfth plan again witnessed a dip.

**Table 6**  
**INDIA: Gross Domestic Product Growth Rates during Five Year Plans**

Plan	I FYP	II FYP	III FYP	IV FYP	V FYP	VI FYP	VII FYP	VIII FYP	IX FYP	X FYP	XI FYP	XII* FYP
	1951-	1956-	1961-	1969-	1974-	1980-	1985-	1992-	1997-	1997-	2007-	2012-
Growth	1956	1961	1966	1974	1978	1985	1990	1997	2007	2007	2012	2017
Targeted	2.1	4.5	5.6	5.7	4.4	5.2	5.0	5.6	6.5	8.0	9.0	8.0
Actual	3.6	4.3	2.8	3.3	4.8	5.7	6.0	6.8	5.3	7.7	8.0	7.2*

Source: Central Statistical Organization, Government of India.

\*Projected estimates.

*Growth with social justice and equity* was anticipated in the ninth plan. That was the beginning of pro poor and inclusive growth phase in Indian planning. North eastern states showed higher growth rates during the plan, as their plan allocations were enhanced under the hill areas and special status states. Tenth plan witnessed double digit growth rates for states like Uttrakhand, Gujarat, and Maharashtra (Table 4). Whereas, Uttrakhand being a newly created state and special purpose hill state, got a boost in its growth rates, Gujarat and Maharashtra got higher FDI and better policies for its infrastructural and industrial growth. States like, Tamil Nadu, Odisha and Haryana, also recorded higher growth rates, owing to better port facilities in case of coastal states, and Haryana falling under National Capital Region (Planning Commission, 2007). *Inclusive growth* was envisioned in eleventh plan as the chief objective and registered eight percent growth. Hill states of Sikkim, Uttrakhand and Mizoram recorded growth rates in double digits for their special states development packages. Other poor states like Bihar, Jharkhand and Madhya Pradesh recorded above national average growth rates due to agricultural and industrial boost in these states.

Twelfth plan projected *faster, more inclusive and sustainable growth*. It was expected to register around 7.2 percent growth rate as compared to the targeted 8 percent growth during the period. Although India surpassed China in GDP growth rates in 2016, but demonetization of Currency notes, slowed down its pace and targeted growth could not be achieved as per aspirations. The new government has restructured the Planning Commission recently and it has been replaced with NITI (National Institution for Transforming India) Aayog. Three-year action agenda as envisioned by the NITI aayog, is a part of longer seven-year strategy and Fifteen-year vision plan. The purpose of this new planning initiative is as per the aspirations for transforming India through *Sabka Saath, Sabka Vikas* i.e., *'participation of all and development of all'* (NITI aayog, 2017).

#### 4. DEVELOPMENT IN INDIA

The development map of post reform India is depicting increasing regional disparities. The new economic policies which lead to increased FDI inflows in India, were not equally distributed. Foreign direct investments (FDI) tremendously increased in post reform period (Singh, 2015 and 2016). These were just Rs. 409 crores



in 1991-92 period which increased to more than ten lakh crores during 2000-2015 period. Table 7 depicts the FDI inflows in India during 2000-2015 period, as registered by RBI's regional headquarters. Half of the total investments were received by Mumbai and Delhi only and another one fifth were registered by Chennai, Bangalore, Ahmadabad and Hyderabad regions collectively (Singh, 2016a). Map 1a depicts the clustering of FDI in six mega cities and their surrounding areas. Tribal belts of central and eastern India, middle and lower Ganga plains and North Eastern India received very little investments and leaving these parts as backward and poverty stricken regions (Singh and Singh, 2016).

**Table 7**  
**Foreign Direct Investment Equity Inflows in India, April 2000 to January 2015<sup>1</sup>**

<i>S. No.</i>	<i>RBI's - Regional Office<sup>2</sup></i>	<i>State covered</i>	<i>Cumulative Inflows (April 2000 – January 2015)</i>	<i>Percentage to total Inflows (in US \$)</i>
1	Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	344,449 (71,740) *	30
2	New Delhi	Delhi, part of UP and Haryana	242,204 (48,315)	20
3	Chennai	Tamil Nadu, Pondicherry	85,790 (10,536)	7
4	Bangalore	Karnataka	74,753 (14,934)	6
5	Ahmedabad	Gujarat	51,193 (10,622)	4
6	Hyderabad	Andhra Pradesh	48,536 (9,901)	4
7	Kolkata	West Bengal, Sikkim, Andaman & Nicobar Islands	14,393 (2,943)	1
8	Chandigarh`	Chandigarh, Punjab, Haryana, Himachal Pradesh	6,360 (1,331)	0.6
9	Jaipur	Rajasthan	6,791 (1,264)	0.5
10.	Bhopal	Madhya Pradesh, Chhattisgarh	6,095 (1,216)	0.5
11	Kochi	Kerala, Lakshadweep	5,373 (1,086)	0.5
12	Panaji	Goa	3,864 (822)	0.3
13	Kanpur	Uttar Pradesh, Uttranchal	2,267 (454)	0.2
14	Bhubaneshwar	Orissa	1,957 (397)	0.2
15	Guwahati	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura	361 (80)	0
16	Patna	Bihar, Jharkhand	265 (50)	0
17	Jammu	Jammu & Kashmir	26 (4)	0
18	Region Not Indicated <sup>3</sup>		304,711 (61,412)	25.3
		Sub. Total	1,199,386 (243,107)	100.00
19		<b>RBI'S-NRI SCHEMES (from 2000 to 2002)</b>	533 (121)	–
		<b>GRAND TOTAL</b>	<b>1,199,919 (243,228)</b>	<b>–</b>

*Source:* Reserve Bank of India.

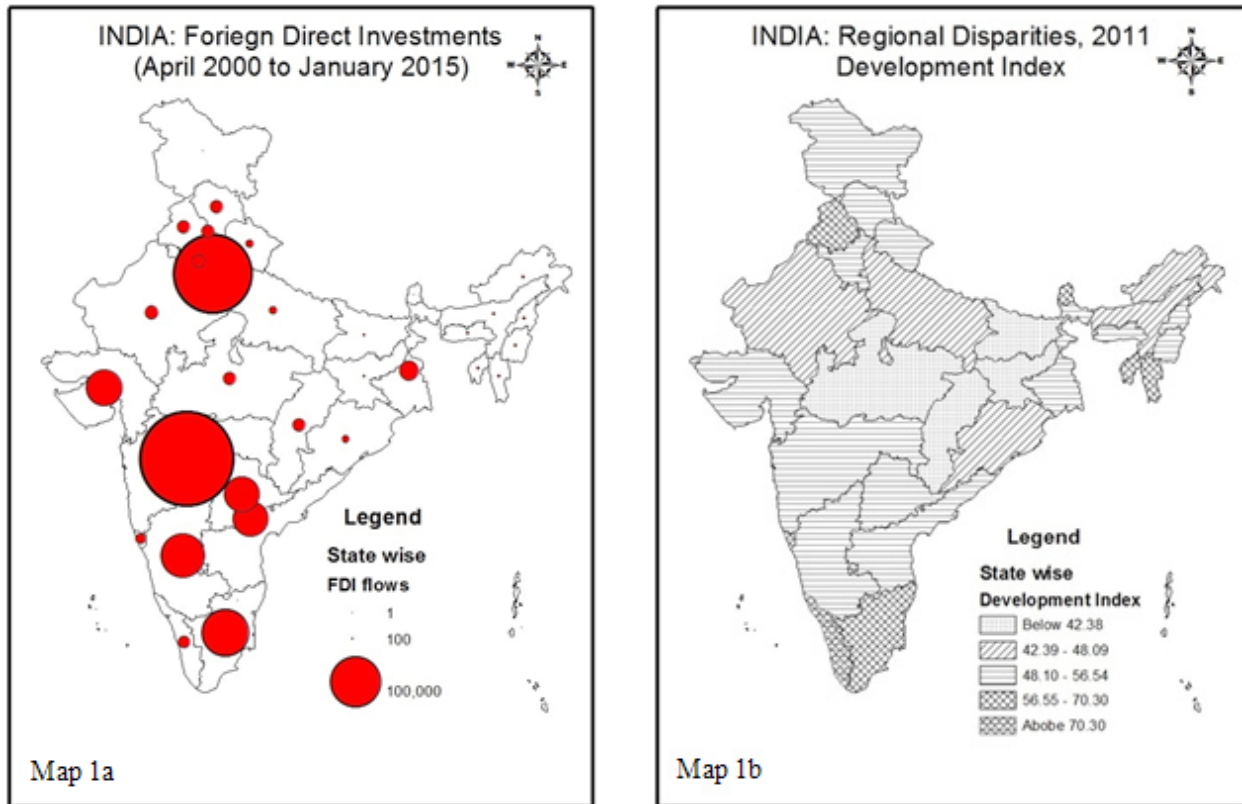
\*Amount Rupees in Crores (US\$ in million)

<sup>1</sup>Includes 'equity capital components' only.

<sup>2</sup>The Region-wise FDI inflows are classified as per RBI's – Regional Office received FDI inflows, furnished by RBI, Mumbai.

<sup>3</sup>Represents, FDI inflows through acquisition of existing shares by transfer from residents to nonresidents. For this, RBI Regional wise information is not provided by Reserve Bank of India.

Patterns of regional disparities in post reform India are depicted through development index (Singh, 2015a). To derive the index, four representative indicators of urbanization, female literacy, rural non-agricultural workers and population above poverty line were taken from census 2011 data. Urbanization and population above poverty line denote overall development scenario, whereas female literacy depicts social development and rural non agriculture workers, rural development respectively. Development index is simply calculated by aggregating these indicator values and dividing it with four (Table 8). Map 1b depicts the patterns of regional disparities in India in 2011. Fifty points disparity was found between development indices of Delhi (87.85) and Bihar (37.47). NCR of Delhi and other mega cities were able to attract very high FDI inflows where as BIMARU (acronym given to old states of Bihar, MADhya Pradesh, Rajasthan and Uttar Pradesh) and North Eastern regions could not get much, thus presenting a western-eastern development divide in India. Rise of red corridor in eastern half of India is the repercussion of these development disparities (Singh, 2016). To see the association between FDI inflows and development ranks of Indian states, correlation coefficient is calculated which gives the  $r$  value of 0.469 depicting a positive association between two.



Map 1: Foreign Direct Investments and Regional Disparities in India  
 Source: Mapped from Table 7 and Table 8

## 5. MAIN FINDINGS

Development map of post reform India, depicts a dismal picture of widening regional disparities in India. The lopsided FDI inflows in six mega cities and their surrounding regions denotes an western-eastern development divide in India. Widening regional disparities between more industrial, urban and developed

**Table 8**  
**Regional Disparities in Levels of Development in India, 2011**

<i>States</i>	<i>Urban</i>	<i>F_Lit</i>	<i>RNAW</i>	<i>PAPL</i>	<i>D_Index</i>	<i>Rank</i>
Delhi	97.5	80.8	83.0	90.1	87.85	1
Goa	62.2	84.7	78.3	94.9	80.02	2
Kerala	47.7	92.1	73.7	92.9	76.60	3
Punjab	37.5	70.7	46.3	91.7	61.55	4
Tamil Nadu	48.4	73.4	34.8	88.7	61.32	5
Tripura	26.2	82.7	44.0	85.9	59.70	6
Mizoram	52.1	89.4	16.3	79.6	59.35	7
Sikkim	25.2	75.6	42.0	91.8	58.65	8
Haryana	34.9	65.9	36.6	88.8	56.55	9
Maharashtra	45.2	75.9	18.6	82.6	55.57	10
Uttarakhand	30.2	70.0	33.0	88.7	55.47	11
West Bengal	31.9	70.5	38.6	80.0	55.25	12
Gujarat	42.6	69.7	24.7	83.4	55.10	13
J & K	27.4	56.4	46.1	89.6	54.87	14
Karnataka	38.7	68.1	29.3	79.1	53.80	15
Meghalaya	20.1	72.9	30.3	88.1	52.85	16
Nagaland	28.9	76.1	24.7	81.1	52.70	17
H P	10.0	75.9	32.6	91.9	52.60	18
Manipur	32.5	72.4	39.2	63.1	51.80	19
Andhra P	33.4	59.1	23.0	90.8	51.57	20
Assam	14.1	66.3	43.8	68.1	48.07	21
Rajasthan	24.9	52.1	25.8	85.3	47.02	22
Uttar Pradesh	22.3	57.2	28.0	70.6	44.52	23
Odisha	16.7	64.0	29.5	67.4	44.40	24
Arunachal P	22.9	57.7	29.5	65.3	43.85	25
Madhya P	27.6	59.2	14.4	68.3	42.37	26
Jharkhand	24.0	55.4	24.9	63.1	41.85	27
Chhattisgarh	23.2	60.2	12.6	60.1	39.02	28
Bihar	11.3	51.5	20.8	66.3	37.47	29
INDIA	31.2	64.6	27.7	78.1	50.40	

*Source:* Census of India, 2011. (F\_Lit: female literacy; RNAW: Rural non-agricultural workers; PAPL: Population above poverty line; D\_Index: Development Index)

western half of India and tribal, agricultural, rural and backward eastern half is a cause of concern. Certainly, India versus Bharat connotations for developed and backward India need to be rectified. Intensification of Naxal activities in red corridor of India should be taken as a challenge for providing an all-inclusive development in India as envisioned by the new government through '*Sabka Saath, Sabka Vikas*' (*participation of all and development of all*). Improved global competitiveness ranking of India and restructuring of its planning process would certainly give a new boost to inclusive growth in India.

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