



MILLENNIUM DEVELOPMENT GOALS: CHALLENGES TO POVERTY AND INEQUALITY IN INDIA

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Introduction

A focus on China and India with such large discrepancies between the two sets of poverty forecasts for China and India, it is worth examining in greater detail whether our numbers for these countries are realistic. It will be for some to believe that China has nearly succeeded in escaping poverty. After all, as recently as 2006, the country was home to the largest human of poor people in the world. Yet while the reduction in poverty we forecast for China is dramatic, it is no more so than country's recently meteoric growth performance or indeed its own past record in poverty reduction. Consider, for example that in the three year between 2002 and 2005, China's poverty rate fell by 12.5 percentage point, from 28.4 per cent to 12.9 per cent.

The present paper makes an ingenious endeavor at examining the features of Millennium Development Goals, the State wise poverty ratio, measurement of inequality, interstate inequalities and policy implications for mitigation of inequality in India.

Millennium Development Goals

World leaders adopted the Millennium Declaration, the Millennium Development Goals main focus on eight targets are enumerated below.

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

The world's most prominent aid organizations cite poverty reduction and inequality as their overarching goal. Thus, when world leaders met in September 2010 to assess progress towards reaching the Millennium Development Goal of halving global poverty, they had to rely on poverty data from 2005. This problem is serious. The international development community cannot be held accountable for poverty reduction without a clear sense of the problem and an understanding of where poverty is most prevalent. Moreover, For instance, the G- 20 has affirmed that the reduction of global poverty is integral to its framework for strong sustainable and balanced growth. The reality is that having a decent grasp on global poverty.

Current India Poverty

The Planning Commission estimates levels of poverty in the country on the basis of surveys conducted by the National Sample Survey Office (NSSO) of the Ministry of Statistics and programme Implementation every five years. However, data from the 2009-10 survey has not been used in the official estimates of poverty as there was a severe drought in that year. The percentage of the population living below the poverty line in India decreased to 22% in 2011-12 from 37% in 2004-05. National poverty levels for the last twenty years. According to these estimates, poverty declined at an average rate of 45.3 percentage points per year between 1993-94 and 2004-05 and at 37.2 percentage points per year between 2004-05 and 2011-12. Tendulkar Committee calculated poverty levels for the year 1993-94-2004-05 using the same method. Poverty levels for subsequent years are calculated on the basis of the same methodology. Poverty estimation in 2012, the Planning Commission constituted a committee, chaired by Dr.C. Rangarajan with the following key objectives to provide an alternate method to estimate poverty levels and examine whether poverty lines should be fixed solely in terms of a consumption basket or if other criteria are also relevant. The incidence of poverty in India came down from about 51% in 1990-91 to 37% in 2004-05 and thereafter to an overall figure of 22% in 2011-12 though there is significant improvement in the poverty reduction in both rural and urban areas.



Table 1, Estimates of Trends in poverty in India

Year	Rural	Urban	India
1973-74	26.1	6.0	32.1
1977-78	26.4	6.5	32.9
1983-84	25.2	7.1	32.3
1987-88	23.2	7.5	30.0
1999-94	24.4	7.6	32.0
1999-2000	19.3	6.7	26.0
2007	17.0	3.0	20.0
2011	25.7	13.7	21.9

Source: Economic Survey 2002-03 & 2010-11, Eleventh Five Year Plan

The new poverty lines were worked out as the monthly per capita consumption expenditure of Rs. 972 in rural area and Rs. 1407 in urban areas. Estimation of poverty line by Rangarajan Committee is based on an independent Survey of households by CMIE. Individualistic analysis has links to many powerful ideas about poverty. Which choose to be poor because of character defects as well as laziness, lassitude, work-shirking, drunkenness, promiscuousness or immorality, amongst others? Society has no obligation to such people, as they choose to live in poverty. Under and unemployment, excessively low wages and worker exploitation are temporary market imperfections in such models. Structuralism accounts directly challenge rational choice analyses and argue that inequality is the cornerstone of process that creates poverty.

State-Wise Poverty Estimates

State-Wise data is also released by the NSSO. In India states have different number of poor persons. Utter Pradesh, Bihar, Rajasthan, Utterakhand, Madhya Pradesh etc. have relatively more number of poor persons as compared to other states. According to economic survey report 2010-11 the percentage of people below the poverty line is very high in states like Odisha, Bihar, Chhattisgarh, Jharkhand and Madhya Pradesh, both in terms of URP and MRP. Though inequality is lowest in rural areas of Bihar Assam. This may mean greater equality at low levels of income. In urban areas, income inequality is highest in Madhya Pradesh followed by West Bengal, Haryana, Karnataka, Kerala, Maharashtra, and Chhattisgarh although, income poverty has declined significantly at the all India level, the decline has not been uniform across and urban areas. On the other hand, although the urban poverty has been declining continuously, the urban inequality has been rising in an uninterrupted manner. Following the Tendulkar Committee methodology, Planning Commission made estimates of poverty for 2009-10 which were released through a Press Note on 19th March 2012. Moreover, between 2009-10 and 2011-12, poverty headcount rates declined across all of the major states. As well, the number of poor went down in all states, including in each State's urban and rural areas. Furthermore, several states with high poverty rates, namely Bihar and Uttar Pradesh Witnessed sharp declines in poverty headcount rates during the period. However, four states, namely Bihar, Orissa Madhya Pradesh and Uttar Pradesh continue to account for nearly half of India's poor. Orissa and Madhya Pradesh saw large poverty reduction during 2004-05-2009-10, other poor states Assam, Bihar and Uttar Pradesh, Witnessed a much slower reduction in poverty.

Table 2, State-wise poverty Estimates (% below poverty line) (2004-05 to 2011-12)

Indian states	2004-05	2011-12	Decrease
Andhra Pradesh	29.9	9.2	20.7
Arunachal Pradesh	31.1	34.7	-3.6
Assam	34.4	32.0	2.4
Bihar	54.4	33.7	20.7
Chhattisgarh	49.4	39.9	9.5
Delhi	13.1	9.9	3.2
Goa	25.0	5.1	19.9
Gujarat	31.8	16.6	15.2
Haryana	24.1	11.2	12.9
Himachal Pradesh	22.9	8.1	14.8
Jammu & Kashmir	13.2	10.4	2.9
Jharkhand	45.3	37.0	8.3
Karnataka	33.4	20.9	12.5
Kerala	19.7	7.1	12.7
Madhya Pradesh	48.6	31.7	17.0
Maharashtra	38.1	17.4	20.8



Manipur	38.0	36.9	1.1
Meghalaya	16.1	11.9	4.2
Mizoram	15.3	20.4	-5.1
Nagaland	9.0	18.9	-9.9
Odisha	57.2	32.6	24.6
Pondicherry	14.1	9.7	4.4
Punjab	20.9	8.3	12.6
Rajasthan	34.4	14.7	19.7
Sikkim	31.1	8.2	22.9
Tamil Nadu	28.9	11.3	17.6
Tripura	40.6	14.1	26.6
Uttar Pradesh	40.9	29.4	11.5
Uttarakhand	32.7	11.3	21.4
West Bengal	34.3	20.0	14.3
All India	37.2	21.9	15.3

Source: Planning Commission, Government of India Press Note on Poverty

Estimates- 2013

Encouragingly, rural poverty headcount in Bihar and Assam declined by almost 20 million people. At the same time, states with lower poverty rates Maharashtra, Himachal Pradesh, Tamil Nadu and Rajasthan continued to witness a Rapid decline in poverty. Although, income poverty has declined significantly at the all India level, the decline has not been uniform across rural and urban areas. Table gives the estimates of poverty Ratio (Head Count Ratio), and Urban-Rural Disparity in average monthly per capita expenditure 14 for both rural and urban areas. The poverty reduction areas have usually been sharper than that in rural areas (which is home to nearly 67 per cent of Indian population).

Poverty and Inequality in India

Inequality is difficult too and as a consequence. Measuring inequality is also problematic inequalities can be measured in a number of ways? There are any other social division related to inequality, including gender inequality, income inequality, education and health inequality. The human development is another way in which inequality can be measure. The more complex measure of social exclusion, development and inequality all derive from the study of poverty. Poverty and inequality are unsurprisingly closely related and are both consequently still widely measured across the world.

- ✓ **Income:** People did not have sufficient income.
- ✓ **Unemployment:** There was unemployment because there were not enough jobs.
- ✓ **Poverty:** Poverty and poor housing conditions.
- ✓ **Educational:** Gaps in educational provision.
- ✓ **Health:** Poor health was made worse by a lack of affordable and accessible medicine.

Inequality and a very large population of 1.2 billion people, however, it is suspected that because of the specific localization of the nascent economic growth, the benefits have been realized by a relative minority, while hundreds of millions continue to live abject poverty. This could result in significant increases in income equality a situation that may have significant repercussions. Economists and social scientists have dedicated significant effort to the study of equality.

Table 3, Poverty and Inequality across Rural and Urban Areas

Year	Poverty Ratio (in per cent)		Per Capita consumption Expenditure (in per cent)		Urban- Rural Disparity in Average Monthly Per Capita Expenditure
	Rural	Urban	Rural	Urban	
1973-74	56.4	49.0	28.7	31.9	1.334
1977-78	53.1	45.2	29.5	33.7	1.396
1983-84	45.7	40.8	30.0	34.1	1.458
1987-88	39.1	38.2	29.4	34.5	1.585
1993-94	37.3	32.4	28.5	34.4	1.628
2004-05	28.3	25.7	30.5	37.6	1.882

Source: Planning Commission (2008) report No. 508.

The table also shows that although the rural income poverty has been declining continuously, income inequality had been growing till 1983-84, declined from 1983-84 to 1993-94 and increased afterwards from 1993-94 to 2004-05. On the other hand, although the urban poverty has been declining continuously, the urban inequality has been rising in an uninterrupted



manner. The last column in the table displays the urban and rural differential in per capita consumption expenditure which indicates a widening disparity from 1.334 in 1973-74 to 1.882 in 2004-05 on account of a higher rate of increase in per capita expenditure in urban areas as compared to rural areas.

State level Inequalities

Regional inequalities, both between States and within States, present a serious development challenge to the Indian Economy. Existing literature attributes the growing regional disparities in India to inequities in access to social and physical infrastructure. Recent scholarly works also suggest that private sector investment tends to move to places where the enabling environment, that is, investment climate is better (infrastructure availability and good regulations facilitate growth). Purified estimates the impact of several policy variables on PCIs over a 30- years period and finds that investment climate variables, measured by days lost in industrial disputes, the relative size of government expenditures, and the predominance of the share of agriculture in the economy and lower investment- all adversely affect growth rates. Another factor which explains regional disparity is the quality of human capital, which in turn depends on the level of education and health of the population. Finally, institutions matter and regions with better law and order and governance benefit in the form of higher and sustained growth. Kochar et al. find that States with weaker institutions and poorer infrastructure did worse in terms of industrial and Gross Domestic product (GDP) growth. Besley et al. find the variables such as property rights (defined primarily as land rights); access to credits; labour market flexibility; presence of media that holds governments accountable and literacy and human capital are significant in explaining inter State disparities.

An important objective in the Eleventh Plan was to reduce the inter-State inequalities in PCIs. This is feasible if the growth rates accelerate but the growth rate of population and related indicators, including Total fertility Rate, show a decline. The experience in the last two decades has been that number of these States which have low growth rates, like UP, Bihar, Rajasthan, Orissa and Madhya Pradesh(MP), had high growth rates of population, too. However, the GDP growth trend has been reversed during the Eleventh Plan. During the Eighth, Ninth and Tenth Plans, States with lowest average PCI, along with the growth rates are given in the Table 1

The above indicates clear trends. Five States, namely, Bihar, Orissa, UP, MP and Rajasthan, had the lowest PCIs in the Eighth Plan. All of these gradually improved their growth rates, particularly in the Eleventh Plan. The average GDP growth rate of these States increased from 5.16 per cent in the Eighth Plan to 6.38 per cent in the Tenth Plan and 8.80 percent in the Eleventh Plan. Also, individually, several of them recorded excellent growth. Bihar, which was for quite some time a cause of worry for planners, has been able to record growth rate of 9.9 per cent in the Eleventh Plan. Similarly, MP, UP and Rajasthan have all recorded growth rates of 7 per cent or more in the Eleventh Plan. This is an encouraging and positive trend. Table 11.2 indicates the growth rates of the SDPs of different States.

The growth rates of SDP show several interesting convergence trends. First, the average GDP growth rate of States with lowest PCI over the last three Plans is increasing continuously and during the Eleventh Plan, it exceeded the average growth rates of general category States. Second, these also exceeded the growth rates of all States (including special category) during the Eleventh Plan.

Thirdly, the ratio of average growth rates of States with lowest PCI as against those of five highest PCI States increased from 49 per cent (Eighth Plan) to 76 per cent (Eleventh Plan). Fourth, the coefficient of variation indicating the extent of inequality in growth rates amongst different States also shown increasing convergence (assuming Sikkim an outlier with growth of 22.8 per cent during the Eleventh Plan) of Gross States Domestic Product (GSDP) growth rates over successive Plan periods.

Table 1, Comparative Growth Rates in GSDP for Selected Low Income States

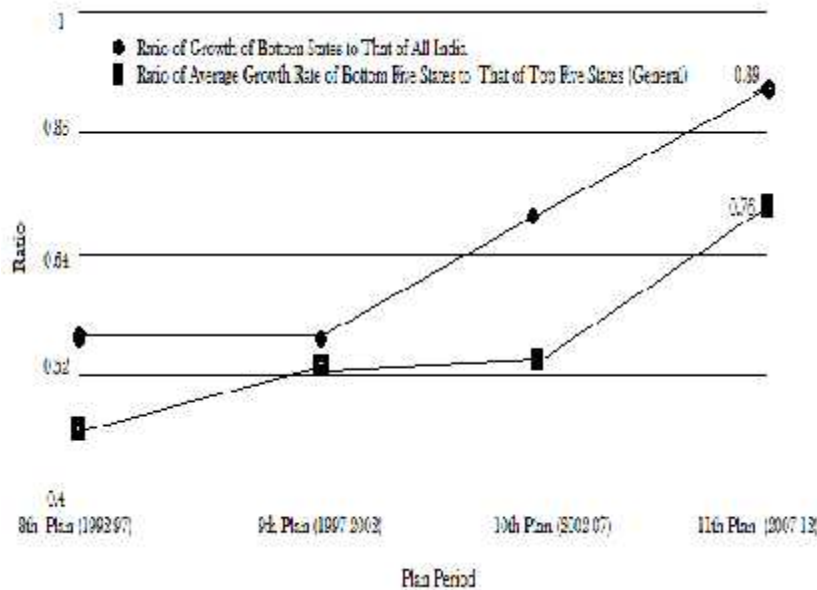
Eighth plan 1992-97	Ninth Plan 1997-2002	Tenth Plan 2002-07	Eleventh Plan 2007-12
Bihar(3.9)	Bihar(3.7)	Bihar(6.9)	Bihar(9.9)
Odisha (2.3)	UP (2.5)	UP (5.8)	UP (7.1)
UP (5.0)	Odisha (5.1)	MP (5.0)	MP (9.2)
MP (6.6)	MP (4.5)	Jharkhand (5.0)	Jharkhand (9.3)
Rajasthan (8.0)	Rajasthan (5.3)	Odisha (9.2)	Rajasthan (8.5)
Average (5.16) ^a	Average (4.22) ^a	Average (6.38) ^a	Average (8.80) ^a

Source: Planning Commission

Note: Average GDP growth rates of Five States with lowest PCI, amongst General Category States.



Disparities in Per Capita Income



While the acceleration of GDP growth rates is a very positive trend, the PCI does not show any significant improvement in income disparities. Regional disparities in PCI levels are State GDP figures from 1981 to 2008, which enabled the computing of the Gini coefficient, which has been updated to include Gini coefficient computations up to year 2010-11. Figure 11.2 shows a continuing upward march of the coefficient and inter State inequality. The average Gini coefficient during 1981-90 is 0.15 which increased to 0.19 during 1991-2000. The average Gini coefficient for the period of 2000-10 is 0.224, which remains stagnant for the year 2010-11. This indicates the growing income disparity in India. The inter-State Gini for 2005 which is, 0.22 is far lower than the Gini for India as a whole (0.36 for the year 2005 from HDR of United Nations Development

Programme [UNDP] revealing that the geographic disparity of income is much lower than the social disparity between the richest poorest people in the country.

TABLE 2, Growth Rates in GDP in Different States

Sl. No.	States/UTs	Averages for Plan periods (% per annum)			
		Eighth Plan 1992-97	Ninth Plan 1997-2002	Tenth Plan 2002-07	Eleventh Plan 2007-12
1.	Andhra Pradesh	5.4	5.5	8.2	8.2
2.	Bihar	3.9	3.7	6.9	9.9
3.	Chhattisgarh	.....	...	8.8	7.7
4.	Goa	9.0	5.7	8.5	9.1
5.	Gujarat	12.9	2.8	11.0	9.5
6.	Haryana	5.2	6.1	9.0	9.0
7.	Jharkhand	.....	...	5.0	9.3
8.	Karnataka	6.2	5.8	7.7	7.2
9.	Kerala	6.5	5.2	8.3	8.2
10.	Madhya Pradesh	6.6	4.5	5.0	9.2
11.	Maharashtra	8.9	4.1	10.1	8.6
12.	Odisha	2.3	5.1	9.2	7.1
13.	Punjab	4.8	4.0	6.0	6.7
14.	Rajasthan	8.0	5.3	7.1	8.5
15.	Tamil Nadu	7.0	4.7	9.7	7.7
16.	Uttar Pradesh	5.0	2.5	5.8	7.1
17.	West Bengal	6.3	6.5	6.2	7.3
Special Category States					
18.	Arunachal Pradesh	5.0	6.6	6.2	8.5
19.	Assam	2.8	1.8	5.0	6.8
20.	Himachal Pradesh	6.5	6.3	7.6	8.0



21.	Jammu & Kashmir	5.0	4.2	5.5	5.9
22.	Manipur	3.7	4.7	5.7	6.2
23.	Meghalaya	4.0	7.2	6.7	7.8
24.	Mizoram	.....	5.7	5.9	10.8
25.	Nagaland	7.2	6.5	7.4	6.2
26.	Sikkim	4.6	6.6	7.7	22.8
27.	Tripura	6.7	9.4	6.9	8.9
28.	Uttarakhand	....	....	11.7	12.8

Source: 1. Eight, Ninth and Tenth Plan achievement from most recent base year series (CSO)
2. Eleventh Plan achievement from 2004-05 series (CSO)

The variation in PCIs amongst various States has been worsening in the last two decades. The coefficient of variation had increased from 34 per cent (1993-94) to 36 per cent (2004-05) and further to 42 per cent in 2011-12 as mentioned in the Table 4 and the following graph. The ratio of lowest to highest PCI has changed marginally from 21 per cent in the year 2004-05 to 20 per cent in the year 2011-12.

TABLE 3, Convergence of GDP Growth Rates in Successive Plans

	Eighth Plan 1992-97	Ninth Plan 1997-2002	Tenth Plan 2002-07	Eleventh Plan 2007-12
Average GDP Growth of Top five States, amongst General category	9.03	5.96	9.98	9.42
Ratio of Average Growth of Bottom five States to that of All India	0.59	0.61	0.74	0.89
Ratio of Average Growth of Bottom five States to that of non-special category States	0.67	0.75	0.72	0.88
Ratio of Average Growth rate of Bottom five States with that of Top five States (General Category States)	0.49	0.56	0.57	0.76

Source: Planning Commission

The widening disparities in PCIs across States show that convergence in growth rates does not appear to have in convergence in income levels across States. Figure 11.4 Plots the growth rate of the States the period 2001-10 against the log of income per capita in 2001. If there was convergence in income levels, the relationship would be downward sloping.

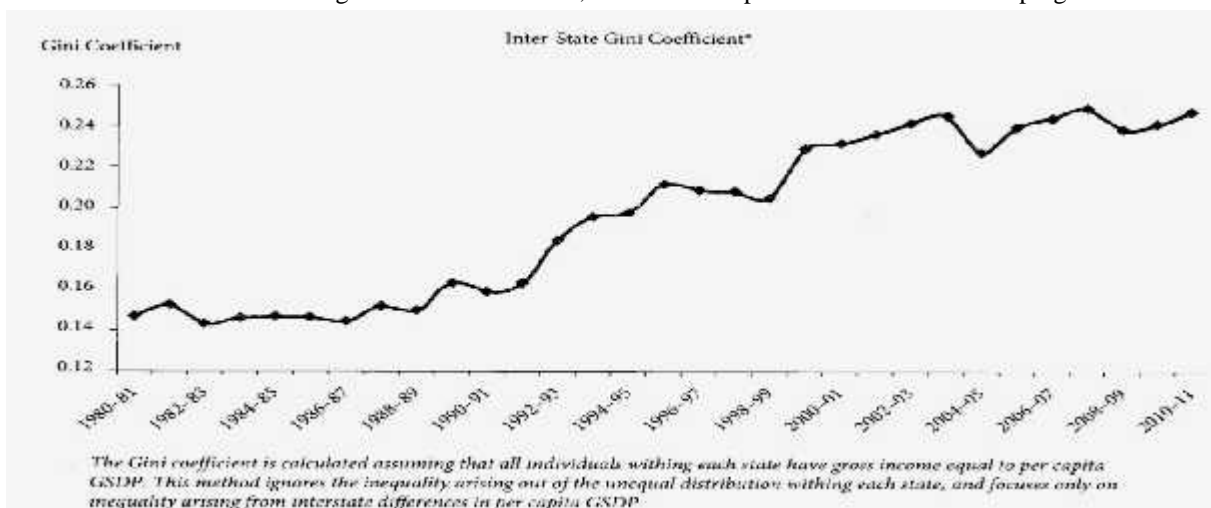




Table 4, Disparities in PCI (Per Capita NSDP) at 2004-05 Prices

Year	State With Lowest PCI	PCI (Rs.)	States with Highest PCI	PCI (RS.)	Ratio of Lowest to Highest PCI (%)	Coefficient of Variation in PCI across Major States (%)
2004-05	Bihar	7,914	Haryana	37,972	21	36
2005-06	Bihar	7,749	Maharashtra	40,671	19	39
2006-07	Bihar	8,900	Maharashtra	45,582	20	40
2007-08	Bihar	9,233	Maharashtra	50,138	18	40
2008-09	Bihar	10,241	Maharashtra	50,183	20	40
2009-10	Bihar	10,771	Haryana	55,044	20	41
2010-11	Bihar	11,792	Maharashtra	59,735	20	42
2011-12	Bihar	13,178	Maharashtra	65,951	20	42

Source: Directorate of Economics and Statistics of respective State Government.

The above indicates, the relationship to be upward sloping. States with higher initial income (per capita net State Domestic [NSDP] on average grew faster, suggesting that the inequality across States is actually increasing. Thus, despite the strong growth performance of the hitherto laggard States (Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh [BIMARU] States), We do not see the phenomenon of convergence across Indian States, by virtue of growing faster than the richer, start catching up with the level of income of the latter. Of course, it is important to clarify that although we see no unconditional convergence (reducing dispersion of income), there still might be conditional convergence. Conditional convergence can be consistent with divergence in PCIs over a certain period of time. It is possible that Indian States are converging to increasingly divergent steady States.

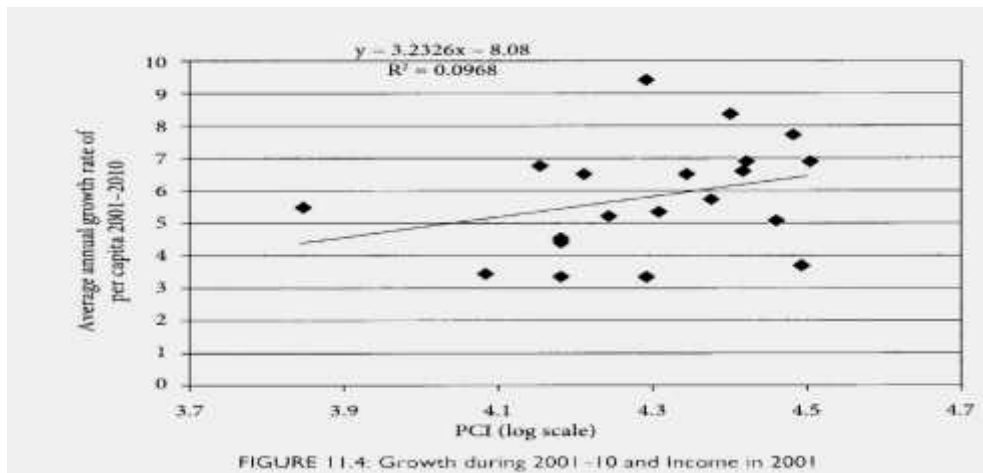


FIGURE 11.4: Growth during 2001-10 and Income in 2001

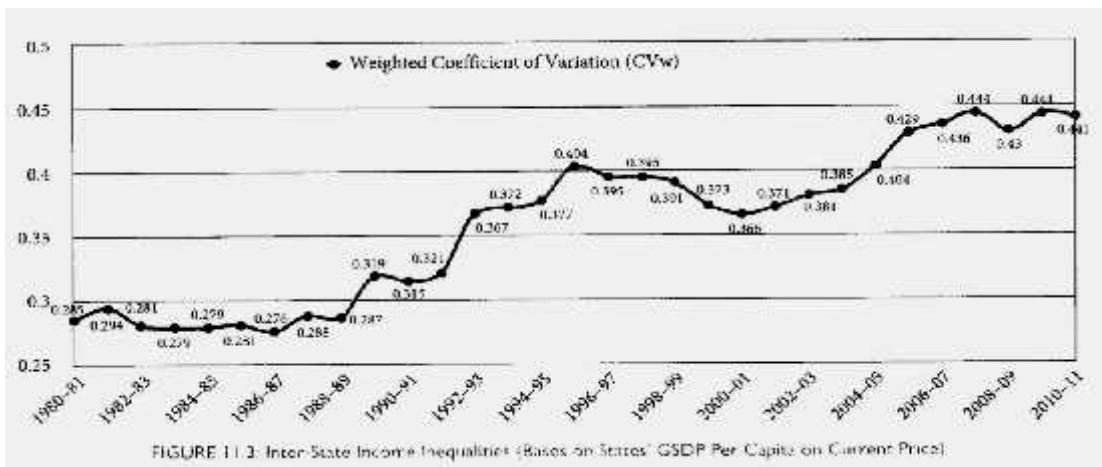


FIGURE 11.3: Inter-State Income Inequality (Based on States' GDP Per Capita on Current Prices)



There are some positive trends recently. The gap between the highest and lowest PCI States is declining in recent years, as evident from the above figure. This trend was not so evident during the Tenth Plan. The income of lowest PCI States was 27.586 per cent of the highest PCI States in 1996-97. It deteriorated to 21 per cent in 2004-05. In recent Years, however, with the growth rates picking up, especially in the low income States, as mentioned above, the trend disparity between the lowest and the highest PCI States been somewhat arrested as in the year 2001-12 the corresponding figure was 20 per cent. Two factors have contributed to this recent improvement. First, the growth rates of GDP of low PCI States have accelerated. Second, the rate of growth of population has gradually decelerated and getting closer to that high PCI States. These two trends, if continued in the next two Plans, will lead to much higher degree of convergence and further reduce inter-State inequalities in the next decade.

Performance on Human Development Indicators

Disparities in regional performance are a matter of concern not just in terms of income indicators, but also human development indicators. State wise data on human development indicators display considerable variation in performance across States. Kerala was the best performer, witnessing a literacy rate of 93.91 per cent, sex ratio of 1,084 and infant mortality rate of 12 per cent thousand. At the other end of the spectrum, the worst performance on these indicators was displayed by Bihar (lowest literacy) rate of 63.82 per cent), Haryana (sex ratio of 877) and MP (infant mortality rate [IMR] of 67). Importantly, the BIMARU States, despite witnessing impressive growth rates, continued to remain at the bottom of the distribution in terms of performance on human development indicators. However, the richer States too were not immune from poor performance on these indicators. The below average performance of Haryana and Punjab, two of India's richest States , on indicators such as ratio and female literacy rates points to the inadequacy of PCIs in measuring the economic and social progress in society.

The Indian Human Development Report 2011 (IHDR-2011), which estimates the Human Development Index (HDI) for States beginning of the decade and for the Year 2007-08, allows us to compare HDI across States and over time. The top five ranks in HDI in both years are occupied by Kerala, Delhi, Himachal Pradesh, Goa and Punjab. At the other end of the spectrum are States such as Chhattisgarh, Orissa, Bihar, MP, Jharkhand, UP and Rajasthan. These States have over time shown tremendous improvement in their HDI and component indicates over time, leading to a convergence in HDI across States. The coefficient of variation of the HDI for States in 2000 was 0.313 and this had fallen sharply to 0.235 in 2008.

Table 5, Disparities in Human Development Indicators

State	Literacy Rate (2011)	Female Literacy (2011)	Sex Ratio (2011)	IMR (2009)
Andhra Pradesh	67.66	59.74	992	49
Assam	73.18	67.27	954	61
Bihar	63.82	53.33	916	52
Jharkhand	67.63	56.21	947	44
Gujarat	79.31	70.73	918	48
Haryana	76.64	66.77	877	51
Himachal Pradesh	83.78	76.6	974	45
J & K	68.74	58.01	883	45
Karnataka	75.6	68.13	968	41
Kerala	93.91	91.98	1084	12
MP	70.63	60.02	930	67
Chhattisgarh	71.04	60.59	991	54
Maharashtra	82.91	75.48	925	31
Orissa	73.45	64.36	978	65
Punjab	76.68	71.34	893	38
Rajasthan	67.06	52.66	926	59
Tamil Nadu	80.33	73.86	995	28
UP	69.72	59.26	908	63
Uttarakhand	79.63	70.7	963	41
West Bengal	77.08	71.16	947	33

Source: literacy data and sex ratio are from census of India, 2011, IMR data are from SRS Bulletin, Jan. 2011



Furthermore, the IHDR-2011 finds that the absolute improvements in health and education indices for low PCI States such as Chhattisgarh, Jharkhand, MP and Orissa have been better than for all India, with their gaps with the all India average narrowing over time. In six of the low HDI States- Bihar, Andhra Pradesh, Chhattisgarh, MP, Orissa and Assam –the improvement in HDI (in absolute terms) is considerably more than the national average. In fact, if we look at absolute changes in HDI over the decade (Table 6), the conclusion that the poorer States are catching up with the national average is strengthened. For instance, in Uttarakhand, the increase in HDI has been 0.151 points between 1999-2000 and 2007-08 compared to the national average of 0.080 points. Other relatively poor States that have seen an improvement in HDI greater than the all-India average are Assam (0.108 Points), Jharkhand (0.108 Points), MP (0.090 Points) and Orissa (0.087 Points). Chhattisgarh with an improvement of 0.080 Points has performed as well as the national average in terms of HDI. However, among the relatively poor States, the increase in HDI in Bihar (0.075 points) and UP (0.064 points) was less than the national average. But the relative improvement (that is, percentage change) in HDI is greater in Bihar than the national average.

Table No 6, Human Development Index (1999- 2000 and 2007-08)

State	HDI (2007-08)	HDI (1999-2000)	Change in HDI	Percent change
Uttarakhand	0.49	0.339	0.151	44.54
Kerala	0.79	0.677	0.113	16.69
Assam	0.444	0.336	0.108	32.14
Jharkhand	0.376	0.268	0.108	32.14
Andhra Pradesh	0.473	0.368	0.105	28.53
North East	0.573	0.473	0.100	21.14
MP	0.375	0.385	0.090	31.58
Tamil Nadu	0.57	0.480	0.090	18.75
Karnataka	0.519	0.432	0.087	31.64
Orissa	0.362	0.275	0.087	31.64
All India	0.467	0.387	0.080	20.72
Chhattisgarh	0.358	0.278	0.080	28.78
Bihar	0.367	0.292	0.075	25.68
Himachal Pradesh	0.652	0.581	0.071	12.22
Maharashtra	0.572	0.501	0.071	14.17
West Bengal	0.492	0.422	0.070	16.59
J & K	0.529	0.465	0.064	13.76
Up	0.38	0.316	0.064	20.25
Punjab	0.605	0.543	0.062	11.42
Gujarat	0.527	0.466	0.061	13.09
Haryana	0.552	0.501	0.051	10.18
Rajasthan	0.434	0.387	0.047	12.14
Goa	0.617	0.595	0.022	3.70
Delhi	0.75	0.783	-0.033	-4.21

Source: India Human Development Report 2011.

The above Table shows, the percentage change in HDI is greater for the majority of low PCI States than the HDI improvement for India as a whole. In the backdrop of widening regional disparities in terms of per Capita NSDP in the first decade of the 21st century, it is encouraging to observe convergence in HDI.

Conclusion

Planning Commission, Finance Commission and discretionary grants do not exhibit any bias or discrimination in favour of the backward states. The ratio of loans and grants in plan assistance is fixed at 70:30 and does not discriminate the backward states.

Social development programmes such as Hill Areas Development Programme, North Eastern Council comprising North Eastern Hilly Regions and Desert Development programme will mitigate regional disparities.

Eighth plan to Eleventh plan embark upon social sector cum rural development for which greater chunk of plan outlay has been earmarked for rural areas.



Comprehensive poverty eradication programmes such as NREGS, regional planning, decentralised planning, Grants-in-aid to economically backward states and establishment of industries in backward states will mitigate the cruder form of regional disparities.

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