

## Towards more equitable economic growth of districts

Adite Banerjee and Rajesh Shukla | The Financial Express | February 19, 2016 02:24 am

***The challenge for policy-makers is to develop a holistic approach that is flexible enough to accommodate the specific needs of different districts.***

As economic growth has cut a slow but steady swathe across India, the impact has been felt all over. What has been heartening is the rise of the so-called laggard—or BIMAROU—states and their contribution to the growth story. The GSDP contribution of BIMAROU states to incremental GDP is expected to increase to 27% during 2011-20, as against 19% during the previous decade (2001-10). States such as Madhya Pradesh, Gujarat and Bihar are today among the fastest growing. The reasons for the changing status of these states, which have traditionally ranked at the bottom across all indicators of human and economic development, are not hard to find. Focus on infrastructure development, better governance, efforts to improve access to education and healthcare have all contributed to their growth. But the impact of this is felt in varying degrees across different socio-economic groups. The hard fact is that benefits of development are rarely distributed across all states evenly, or within different districts in the same states. Several factors are responsible, ranging from governance issues to the legacy of past policies and uneven manner in which present policies are implemented.

In an effort to measure the impact of economic growth on district-level wellbeing, we have calculated a composite score using 21 district-level developmental indicators, mostly from Census 2011, on demographics (level of urbanisation, female literacy, non-SC/ST population), proportion of households accessing financial services, access to basic amenities (electricity, LPG/PNG, tap drinking water, latrine within premises), quality of housing, connectivity (TV, laptop with internet, mobile) and ownership of vehicles (scooter/motorcycle, car/jeep/van).

Using the overall composite score, all districts have been ranked 1 (highest rank means most developed) to 631 (lowest rank means least developed) separately for rural and urban parts of districts. The outcome is fascinating and sensible to understand micro-level inter- and intra-state development disparity.

The linkages between urbanisation and development are well established. According to Dr Gilles Duranton, the author of 'Growing through Cities in Developing Countries', economies like India and China are developing and urbanising at 100 times the scale of the first country in the world to urbanise, the UK, and in just one-tenth the time. Cities function as small open economies and create 'urban systems' which impact economic growth and development. The high correlation between urbanisation and development of districts is also evident in the index that we have created, and rural districts that have a higher degree of urbanisation score better on district development ranking.

A random selection from among the top 50 rural districts shows that those with a higher percentage of urban population are relatively better-off in terms of development. For instance, Ernakulam in Kerala has a large segment of urban population (68%) and figures at No 4 on the development ranking. Kanyakumari in Tamil Nadu with nearly 82.5% and Ludhiana's rural district with 59.1% urban populations are ranked at 49 and 12, respectively. It is also observed that rural districts that score better on the development scale also have higher rates of female literacy—92.8% for Ernakulam, 74% in Ludhiana and 89.4% in Kanyakumari.

In contrast, West Bengal's Uttar Dinajpur district, which figures among the bottom 50 rural districts, comprises of just 12% of urban population and about half of its female population is illiterate. Kishanganj in Bihar, Dahod in Gujarat, Jhabua in Madhya Pradesh and Pakur in Jharkhand—with low levels of urbanisation—have abysmally low female literacy rates and figure among the least developed rural districts in India.

Sanitation is yet another significant indicator of development for districts. It's not surprising, then, that the sanitation index is higher than even that for urbanisation among rural districts (at 0.67) compared to urban (at 0.58). Compared to just 13.9% of total rural households that have access to tap water and 30.7% with toilets within the premises, a majority of the top 50 rural districts score in the range of 25% to 68% and 51% to 96%, respectively, for these facilities. On the other hand, just 0.3% and 2.7% rural households in Bijapur, Chhattisgarh, have access to these facilities.

Development disparity is evident at both inter- and intra-state levels. So while many more districts in Maharashtra may be relatively better-off on development and growth indices than, say, Chhattisgarh, there would be pockets within the state that have not gained equitably from the benefits of overall development. For instance, two urban districts in Tamil Nadu—Chennai and Theni. While Chennai is ranked at No 9 on the district development index, Theni is at the other end of the spectrum, ranking at 462 among 631 districts. Just 51.7% of its population compared to 82.3% in Chennai have access to LPG gas connections, 50.7% have tap water as against 65.8%, and 44.2% can avail of banking facilities versus 71.1% in Chennai.

Asset ownership and development show positive linkages. Both in rural and urban areas, two-wheeler ownership is highly correlated with district development. This implies that better conveyance options, access to more and better employment opportunities, upgradation of income and better standards of living form a virtuous cycle that push up development of households and the region. Interestingly, while it would seem that ownership of house would be highly correlated with development, statistical evidence points to a negative correlation. To give the example of Chennai and Theni, both places have a near identical percentage of households that live in good quality housing. In fact, Theni has more households (61.5%) that own their living quarters compared to Chennai (47.2%), and yet on the development ranking Theni scores poorly.

An emerging indicator of development is ownership of mobile phones. Better communication and connectivity is increasingly becoming an important factor in wellbeing of households. This, in turn, has strong linkages with other key development factors such as access to electricity, mobile phone and two-wheeler ownership. It is more likely that districts with near universal electricity availability would also have a higher percentage of households with two-wheeler and mobile phone ownership. Consider Ambala, one of the top 50 rural districts where 94.7% households have electricity connections and also boasts of 61.6% households with mobile phone ownership. Moreover, it has above-the-rural-average two-wheeler ownership ratio (38% households own two-wheelers versus the rural average of 14%). In contrast, Malkangiri in Odisha with a development ranking of 627 has only 13.4% households with electricity, 15% with mobile phones and only 6% owning two-wheelers.

This comparative analysis underscores the fact that development continues to be extremely inequitable within and across states. The challenge for policy-makers is to develop a holistic approach that is flexible enough to accommodate the specific needs of different districts. Access to public goods and services like education, healthcare and financial services has to be integrated with employment opportunities in a

manner that impacts overall regional development and ultimately leads to trickle-down gains for households.

## Flavour of district development diversity

(Most developed districts versus least developed ones)

### Selected MOST developed RURAL PART of districts representing five major states

Rank *	Districts	States	Urban population (%)	Rural% female literacy	% of households own/access facilities within states				
					LPG/ PNG	Tap water	Toilet	Banking services	Scooter/ motorcycle
4	Ernakulam	Kerala	68.1	92.8	36.9	26.8	96.9	78.0	37.3
12	Ludhiana	Punjab	59.1	74.0	49.6	22.2	87.5	65.4	50.8
26	Solan	Himachal	17.7	76.0	33.0	51.7	69.0	84.0	19.7
36	Noida**	UP	59.6	63.6	20.1	32.6	51.7	74.1	39.2
49	Kanyakumari	TN	82.5	89.4	45.1	25.0	83.1	67.3	20.2

### Selected LEAST developed RURAL PART of districts representing five major states

582	Uttar Dinajpur	W Bengal	12.1	49.8	1.8	2.3	20.6	22.5	4.2
614	Kishanganj	Bihar	9.7	45.9	0.5	0.4	6.2	17.8	4.9
625	Pakur	Jharkhand	7.5	39.5	1.1	0.2	7.3	30.0	4.7
627	Malkangiri	Odisha	8.0	36.7	1.3	1.0	6.0	27.4	6.1
631	Jhabua	MP	9.0	29.8	2.8	2.1	5.8	40.1	6.9

### Selected MOST developed URBAN PART of districts representing five major states

9	Chennai	TN	100.0	87.2	82.3	65.8	95.6	71.1	46.6
12	Delhi	Delhi	97.5	81.1	90.3	69.8	89.8	77.8	38.9
22	Mumbai	Maharashtra	100.0	86.7	78.1	78.7	57.6	86.5	15.6
24	Vadodara	Gujarat	49.5	87.6	78.2	82.4	91.9	79.8	59.6
45	Indore	MP	74.1	81.1	82.6	44.3	90.3	66.8	50.2

### Selected LEAST developed URBAN PART of districts representing five major states

462	Theni	TN	53.8	75.0	51.7	50.7	52.0	44.2	19.4
485	Hingoli	Maharashtra	15.2	78.5	47.4	42.3	65.7	56.9	26.3
596	Debagarh	Odisha	7.2	77.8	26.8	20.1	51.3	58.3	28.6
620	Kishanganj	Bihar	9.7	66.7	32.6	4.3	51.9	45.2	14.4
626	Pakur	Jharkhand	7.5	61.7	26.2	9.1	46.5	53.6	14.6

\*Ranks (out of 631 districts)

\*\*Gautam Budh Nagar district

*Dr. Rajesh Shukla is director & CEO, Adite Banerjee is consultant, People Research on India's Consumer Economy (ICE 360°)*