Successes and Difficulties in the Post-Independence Era: A Comprehensive Perspective

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ABSTRACT

India's economy has seen over 60 years of independence and around 60 years of varying degrees of rigorous government planning. India achieved tremendous successes during this time on a number of fronts. Despite numerous challenges, India has managed to grow at an average annual rate of 4.5% since 1950–1951, produce the second largest pool of scientific and technical labor in the world, generate eight times more power, produce four times more food grains overall, increase export value in US dollars by over twenty-six times, increase foreign exchange reserves by eighty–eight times, increase the index of industrial production by sixteen times, and increase the index of agricultural production by four times. Even though the then-new government's extensive structural transformation and economic stabilization program presented new difficulties, it also opened up new avenues for growth. With e-Governance and quickly connecting electronic devices, the software industry's stellar performance in the late 1990s is modernizing India's economy and increasing service exports. By the end of August 2006, the cellular mobile industry is predicted to reach over 100 million customers, while the penetration rate of personal computers is 14 per 1,000 people. India presents a conundrum today, with over 300 million people living below the poverty line and the growing issue of spatial imbalances on the one hand, while simultaneously seeing tremendous social and economic progress on the other. A tiny group of people who are resilient enough to take advantage of the opportunities presented by an open market economy and compete well appear to be the ones who stand to gain from the processes of globalization, privatization, and liberalization. However, the growing forces of competitiveness are also putting pressure on a sizable portion of the populace.

KEYWORD: Post- Independence, Production, Economic Stabilization, Structural, Foreign Exchange

INTRODUCTION

The UNCTAD summit in Bangkok revealed that the assets of the three richest individuals globally surpass the aggregate gross national product of 26 of the world's poorest nations.This was a reflection of global asset disparities. Due to their mutual reinforcement, the three types of inequality—asset, income, and regional—have been shown to rise over time, both within and between nations. The information sparked a natural curiosity about "development dynamics" and a desire to investigate imbalances that appear to be shifting between individuals, sectors, and regions. Of these three, the issue of regional imbalances is the primary subject of this study and is drawing more attention from academics and political observers alike. The subcontinental size and cultural diversity of India increase the sensitivity of wider regional differences. Can we afford a complete swing to the doctrine of laissez-faire and free competition, which is where the current globalization policy is leading us? Examples of this can be found in the experiences of developing nations such as Mexico, China, and Israel. In India, the issue of regional inequality has a long history that must be taken into consideration in order to fully understand the current developments.

REGIONAL DISPARITIES IN INDIA - A BRIEF HISTORY

Any country's regional variations can be traced back to variations in its natural resources. To prevent misunderstandings about the concept of regional disparities, it is crucial to distinguish between "diversity" and "disparity." That's exactly what the paragraphs that follow aim to do.
The one thing, or "Nature," has had the most influence throughout human history in creating a diverse economic framework. India, blessed with enormous mountains, wide plains, large deserts, thick forests, and large rivers, has long been separated into different physiographic zones. The vast Himalayan Rivers' discriminating nature, which makes the soil in the north incredibly fertile, adds an economic component to its geographical diversity.
The term "diversity" in "resource endowments" refers to the variations in richness and prosperity amongst regions as a result of diverse physical, geographical, and ecological circumstances.

The inter-regional disparity is evident in the differences in retention power, the transformation processes envisioned and implemented, the efficiency of a region in utilizing its initial resource endowments for development, its latent comparative and absolute resource advantages in comparison to another comparable region, and the terms on which it interacted with other regions, all of which take into account the physical, geographical, and ecological conditions. As a result, it included elements that are human, institutional, social, technological,   and   economic   rather   than   physiological   or   natural. A 'vast distance' existed between producers and consumers throughout the Mughal era.

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Planning in India Towards Socialistic Pattern of Society

The Indian National Congresst3 had formed a National Planning Committee, led by Pt. Jawaharlal Nehru, just prior to World War II. After finishing its work in 1938, this committee declared that the goal of development planning "was to insure an adequate standard of living for the masses, in other words, to get rid of the appalling poverty of the people" and that "the problems of poverty and unemployment, of national defense, and of economic regeneration in general cannot be solved without industrialization" (Nehru, 1946, p. 401).
Other organizations who released their own plans for the creation of an independent India toward the end of World War II included the Indian Federation of Labour with the People's Plan and a group of businesspeople with their so-called Bombay Plan (Bannerjee et al. 1944).

Poverty was recognized by all of the proposals as the main issue facing Indian society. Some of these schemes defined poverty as a minimum standard of life that included health and education in addition to food, clothing, and housing. One of the components of a minimal quality of living, for example, was that "a person above the age of 10 should be able to read, write, and to take intelligent interest in private and social life" (Thakurdas et al., 1944, p. 28). This was mentioned in the Bombay Plan. Additionally, there were a few small variations in the suggested remedial activity. The Visverwaraya plan (1934) suggested an average annual growth rate of seven percent, whereas Nehru's team wanted to double, if not quadruple, the national income in ten years. The businessmen's Bombay Plan called for an annual growth rate of 6%. It was obvious that states had achieved different things, and India's later planning recognized this and worked to address regional disparities.

Regional Imbalances and Economic Planning in India since Independence

The idea of planned development promised that society could grow as a cohesive whole and that class divisions and violence would not be necessary to change the status that certain classes currently hold. These positions are the result of historical forces for which no one person or class can be held accountable. is The new Indian administration called for a dual polity with the states at the perimeter and the union at the core in order to fulfill the ambitious goals of the plan.

The States were given authority for some areas, while the union reserved specific obligations for itself in terms of development.16 When considered as a whole, the state was vital to the economy's operation. The First Plan declared: "A rapid expansion of the economic and social responsibilities of the state will alone be capable of satisfying the legitimate expectations of the people, regardless of one's thoughts on the problem of capital formation, the introduction of new techniques of the extension of social services, or the overall realignment of the productive forces and class relationships within society."
The midterm assessment of the fourth plan adds, "Since local planning is the cornerstone of any strategy for balanced spatial development within a state, only the state governments are in a position to tackle the problem in the matter of removal of inter-State imbalances." is Furthermore, in order to realize the nation's full export potential, the export-import strategy of late required the states to actively engage in export endeavors. In light of this shift, the current study aims to assess the state's contribution to closing regional gaps, particularly since 1991.

CONCLUSION

The main findings of the study, both at the sectoral as well as the aggregative levels are as follows. But, before turning to these results we are inclined to report the results obtained for customary index of development- the PC NSDP.

1. The gap between the poorest and the richest States increased by 3.4 times during the period 1971-2008. The State of Bihar remained the poorest State since 1971 and Punjab held the richest State status until Maharashtra outshined her in 1995-1996. The richest four States of Punjab, Maharashtra, Haryana and Gujarat and the poorest three States of Bihar, Orissa and Uttar Pradesh retained their respective polar status throughout 1971-2008.

2. The inter-State income disparities showed an increase since 1971, irrespective of the measure used for estimating disparities. A more pronounced increase in disparities was observed for the post reforms period. While the absolute convergence was evident upto year 1971 the latter period showed opposite tendencies.

3. Though a negative association was observed between the growth of PC NSDP during the period 1971-2008 and their respective initial (1971) PC NSDP values, the insignificant $'W$ estimate for this period did not support the absolute convergence hypothesis.

4. In the intermediate sub-periods of 1971-2008, absolute -convergence, on 1971 base, was found to be significant for the period 1971-1976. However, the rate of convergence started declining since 1981. Thus, the period since 1981 seems to have added more to divergence than to convergence. A sharp fall in the convergence rate during the period 1989-1991 had greater relevance to explain the break in the trend rate of growth in PC NSDP. The change in sign of the $'W$ estimate from negative to positive in the subsequent period 1991-1996 suggested that the initial years of 1990s set in the possibilities for divergence. The positive estimate of $'W$ was however statistically insignificant and hence divergence was also not confirmed.

5. An interesting pattern of economic performance was depicted by Moran's I values on spatial autocorrelation. The estimates revealed formation of clusters with rich States having rich neighbours and the poor States having poor neighbours. This pattern was not observed on either of the estimates on 1971, 1981 and 1991 values. This indicated dispersion of economic activities that seems to have broken the clustering of States in the latter periods. However, this dispersion was also not found to be statistically significant. Taken as a whole, no definite trend for convergence or otherwise can be read for the post reforms period. Consequently, the study does not support the fears of any accerlation in the inter-State economic divide for the post reforms period. Having reported the results on the conventional lines, we now turn to our findings flowing from our exercise in PCA/FA.

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