



India's Uneven Development Management Challenges for the 21st Century

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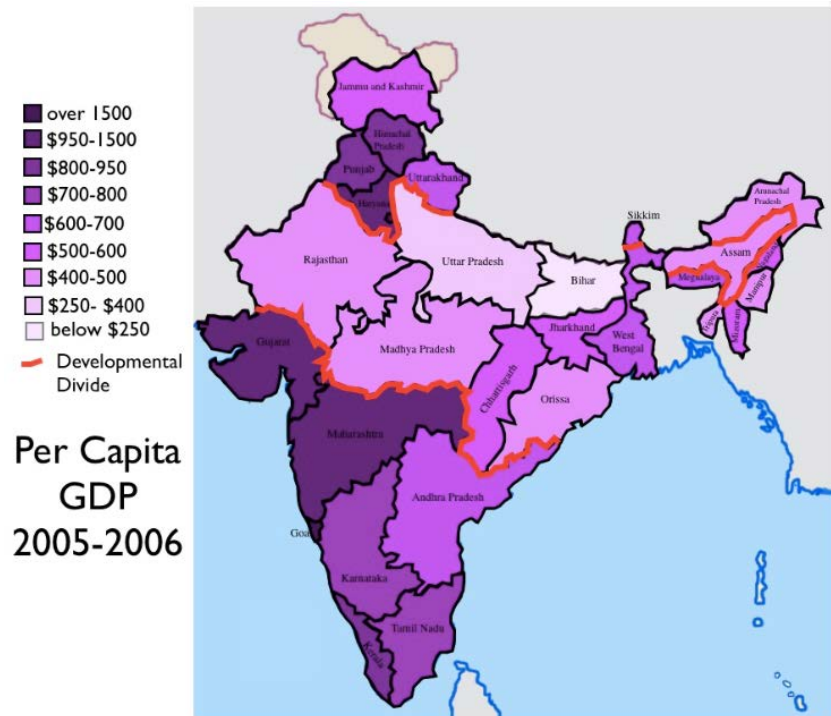
Abstract:

India is one of the oldest civilizations--Indus Valley Civilization (5000 BC)--in the world. In many ways, India is perceived as a spiritual nation with rich traditions and a way of life quite different from Western countries. In modern terms especially, the 21st century measures countries - whether like it or not - in economic development. However, in this sphere, the Republic's progress is uneven. This research addresses management challenges and offers recommendations that could be debated and discussed.

Key words: Uneven Development, Indus Valley Civilization, Management Challenges

Introduction:

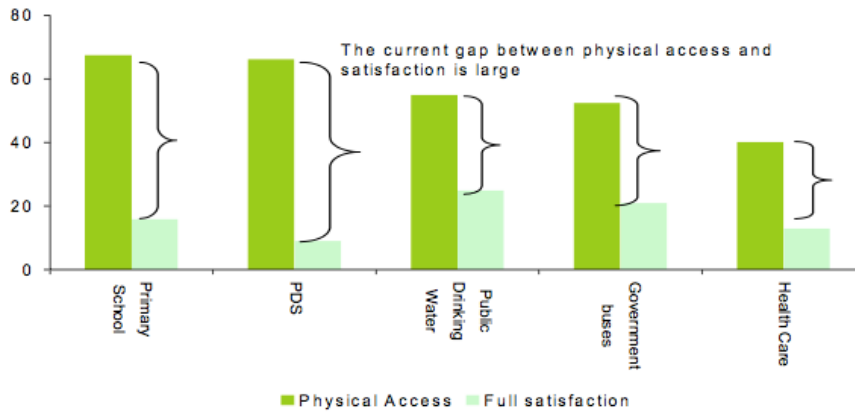
The gap between the GDP per capita of different states in particular has been widening, especially in countries like India. Although these figures do not provide an exact measure of the standard of living, they do give some indication of the overall wellbeing of the state and tends to tie in closely to its development. There are a number of factors to be considered: (1) general education, (2) technology-oriented skill sets (e.g., information technology, engineering, digital-media, and others), (3) management and leadership skills, and (4) business-friendly culture and local legal and regulatory environments. Solely relying on the use of GDP to determine the economic condition of the states, however, is impractical. There have been heavy criticisms of the flaws of GDP, namely that it is an unsatisfactory measure of growth. New indicators have been called for that would truly promote sustainable development, improving the quality of human life without impeding economic progress (Costanza, 2009). Countries with high levels of exports can incur impressive GDP figures, but it is not an indication of its true growth. GDP ignores a number of different factors, such as the quality of social relations, economic security and personal safety, lack of adequate drinking water, health, and longevity (Fleurbaey, 2009). India's map of GDP per capita as displayed below shows that the south and the far north are experiencing higher levels of GDP.



source: Lewis, 2010

Figure 1: The gap between physical access to services and the quality of services produced leads to an access/satisfaction gap

Percentage of population having access to public services and expressing satisfaction with those services



Source: Paul et al (2004)

Systemic reform, not more of the same

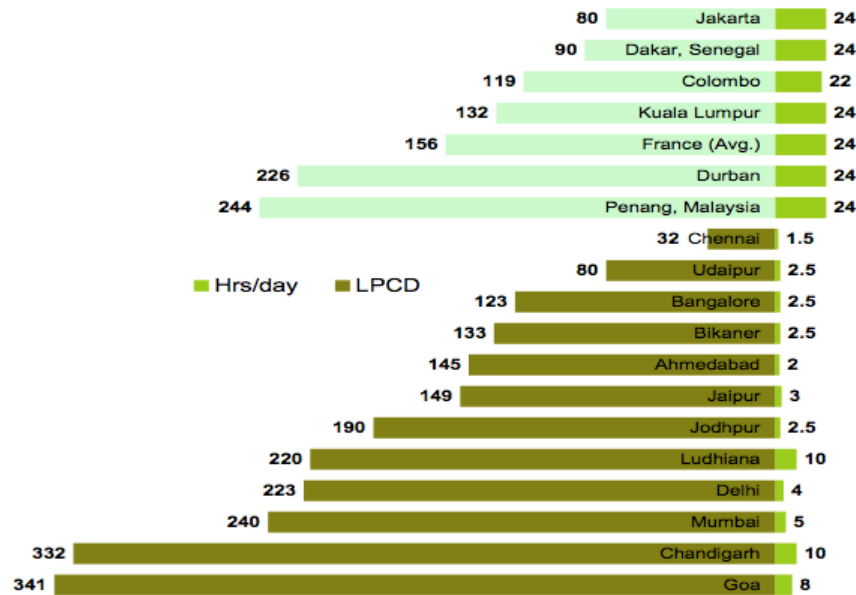
The existing primary school system is crying out for radical reform.

Amartya Sen, Nobel Prize Laureate in Economics, 2002



Figure 2: While many major cities in developing countries maintain nearly 24-hour water supply, most Indian cities have service only a few hours a day.

Average hours per day and quantity of water service in selected Indian and comparator cities



Source: Ministry of Urban Development and Water and Sanitation Program benchmarking study, ADB utilities book, verified with relevant utilities

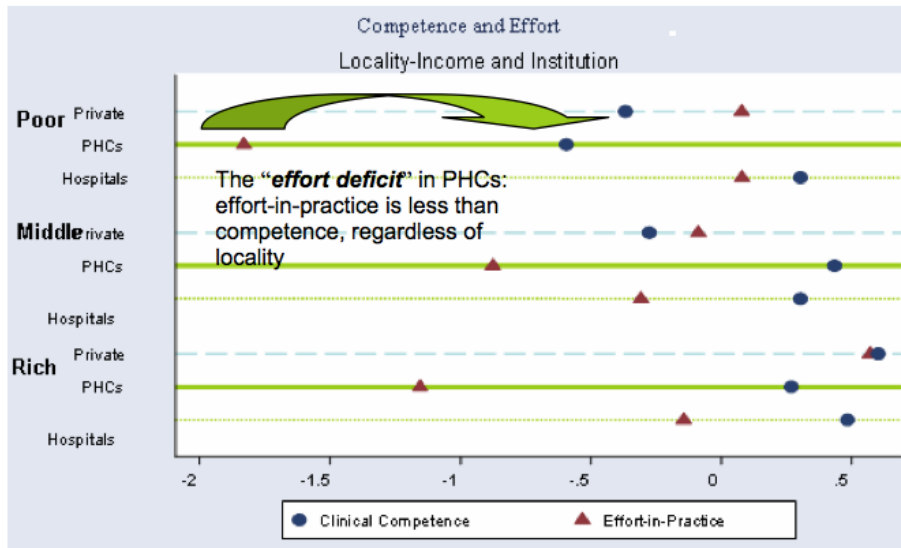
Why accountability as a central theme of systemic reform?

If the Indian state has a weakness, it is this: most of the institutions and rules—courts, bureaucracies, police—are so riddled with perverse incentives structures that accountability is almost impossible.

Pratap Bhanu Mehta, *The Burden of Democracy*, 2003.

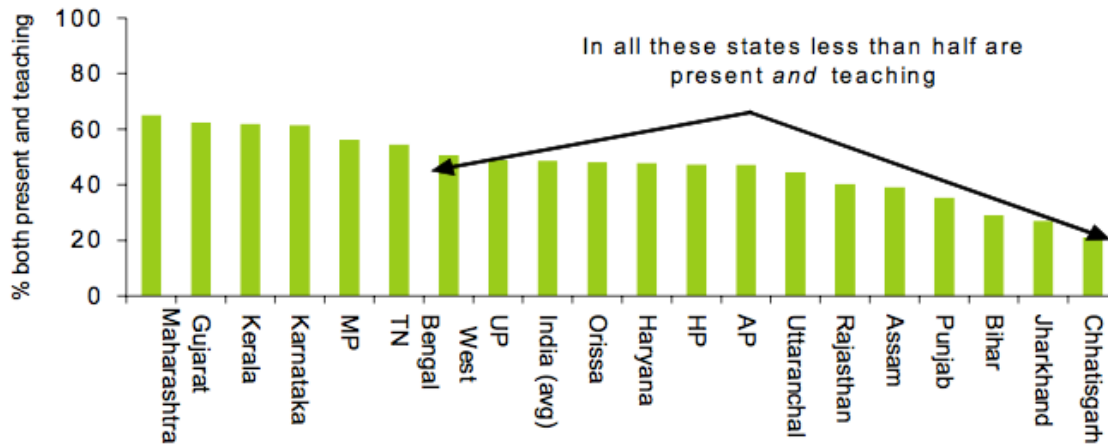


Figure 3: The “effort deficit”—the gaps between what medical practitioners knew to do and what they actually did—is present in all public facilities, and enormous in PHCs in Delhi



Source: Das and Hammer (2004)

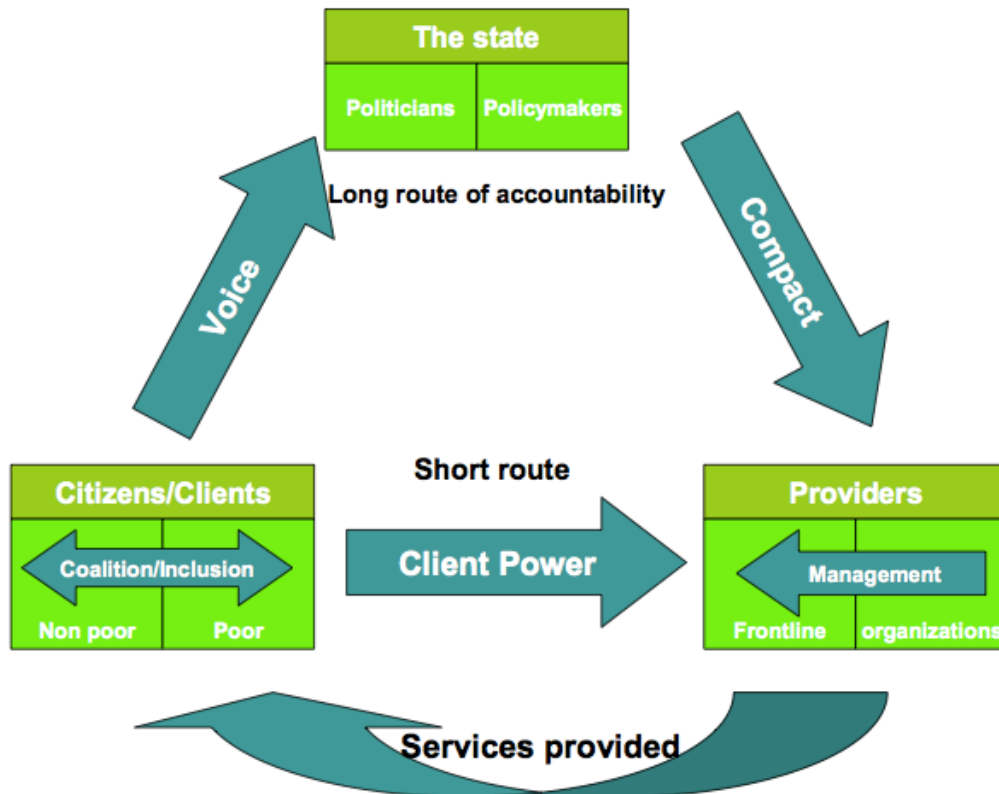
Figure 4: In a nationwide survey using unannounced visits the nationwide average was that less than half of teachers were both present and engaged in classroom activity



Source: Kremer and others 2004.



Figure 5: Relationships of accountability between citizens and the state and between citizens and service providers are central to improving services



Source: World Bank 2003.

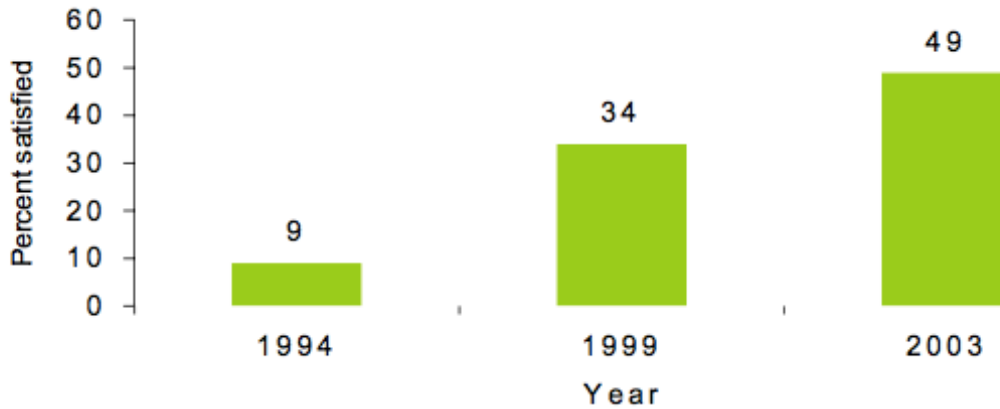
Common principles of accountability enhancing reforms

I must caution that outlays do not necessarily mean outcomes. The people of the country are concerned with outcomes. The prime minister has repeatedly emphasized the need to improve the quality of implementation and enhance the efficiency and accountability of the delivery mechanism.

Minister of Finance *Budget Speech*, February 28, 2005

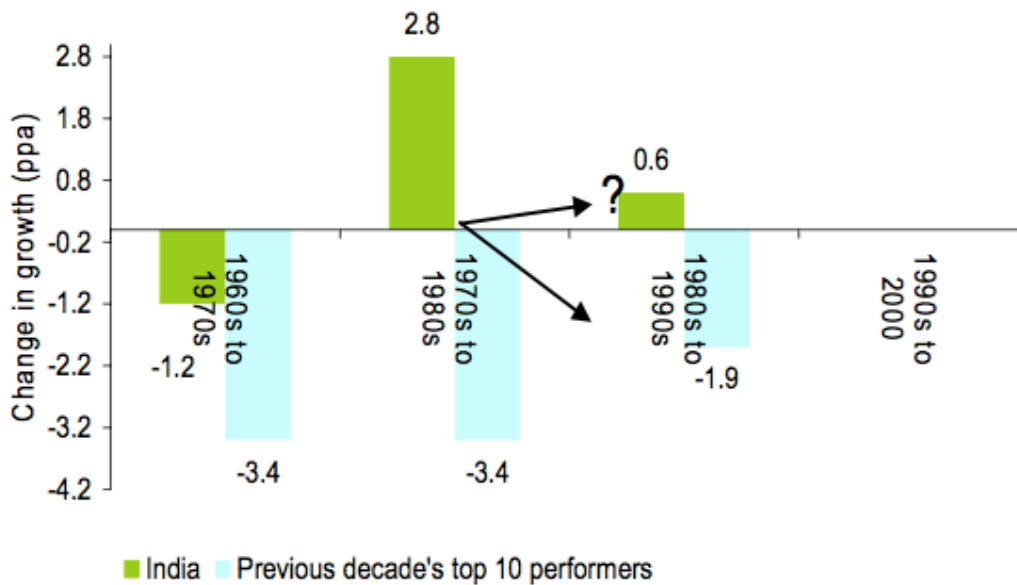


Figure 6: Improvement in services in Bangalore following the introduction of the citizen export cards



Source: Paul 2006

Figure 7: India needs to avoid the common pattern of growth deceleration following superior performance



Source: Author's calculations.



Figure 8: China has an enormous—and growing— advantage in infrastructure

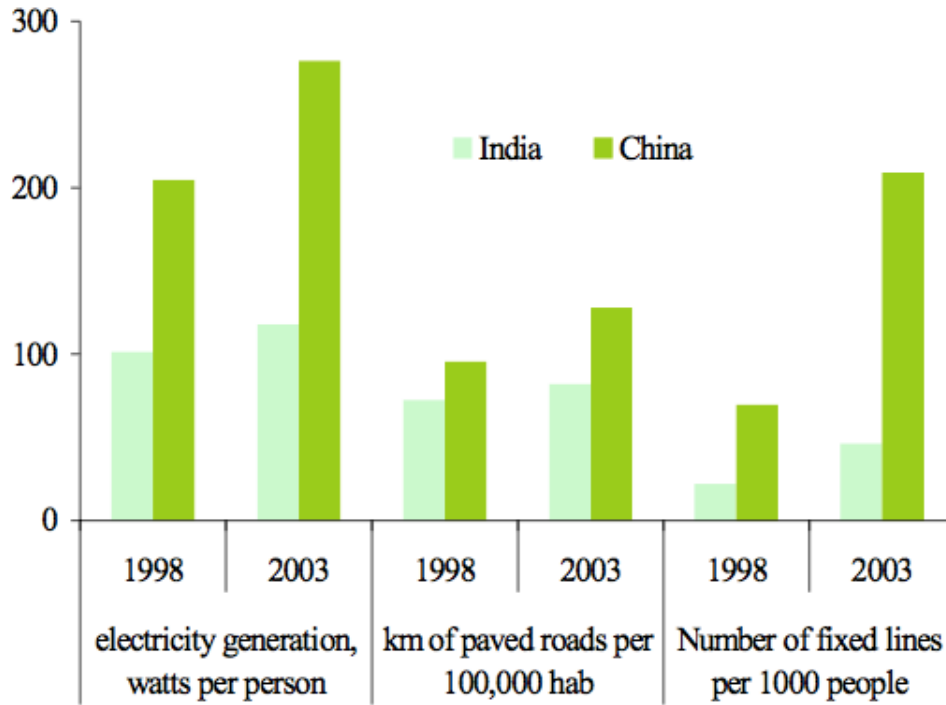


Figure 9: For every worker in the organized private sector there are four unemployed – and the number of organized private sector jobs is falling

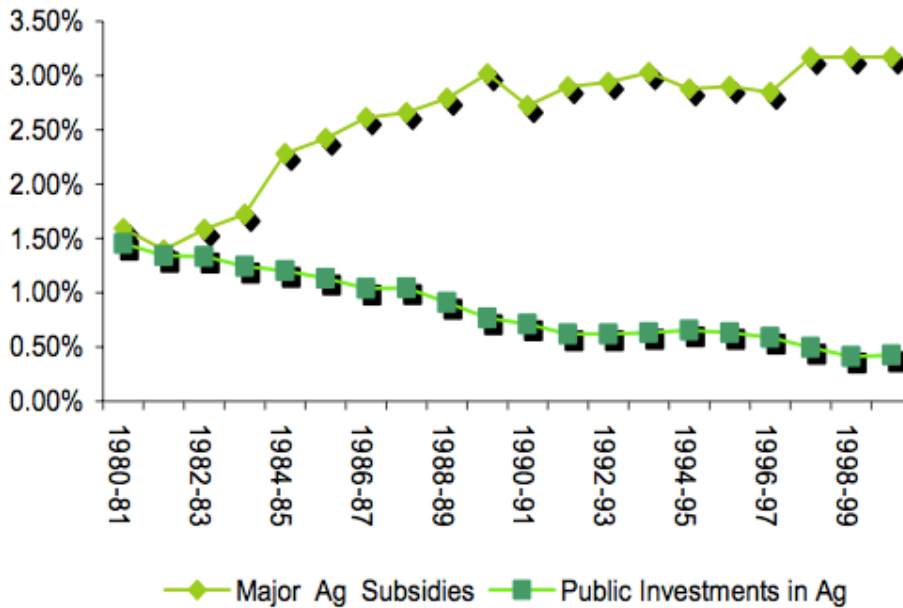
Number of workers employed in the organized private sector or unemployed, 2001–03



Source: GOI Planning Commission 2005, tables 8.1 and 8.2



Figure 10: Subsidies have gone up, productive investments down...

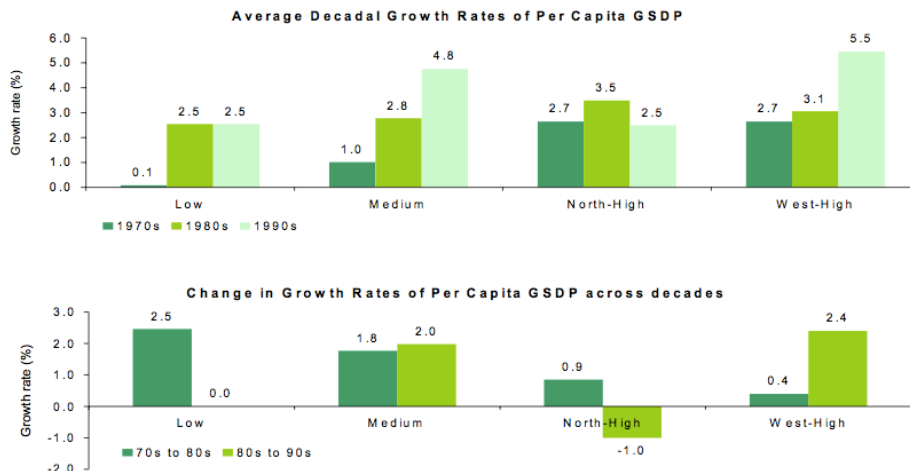


Notes: Agricultural subsidies include GOI foodgrain and fertilizer subsidies, state government power and irrigation subsidies.

Source: Ministry of Agriculture, Acharya and Jogi 2004.

Figure 11: Growth accelerated in nearly all states in the 1980s, but gaps widened dramatically in the 1990s.

Decadal growth of per capita gross domestic product in Indian states, by income group or region, 1970s to 1990s

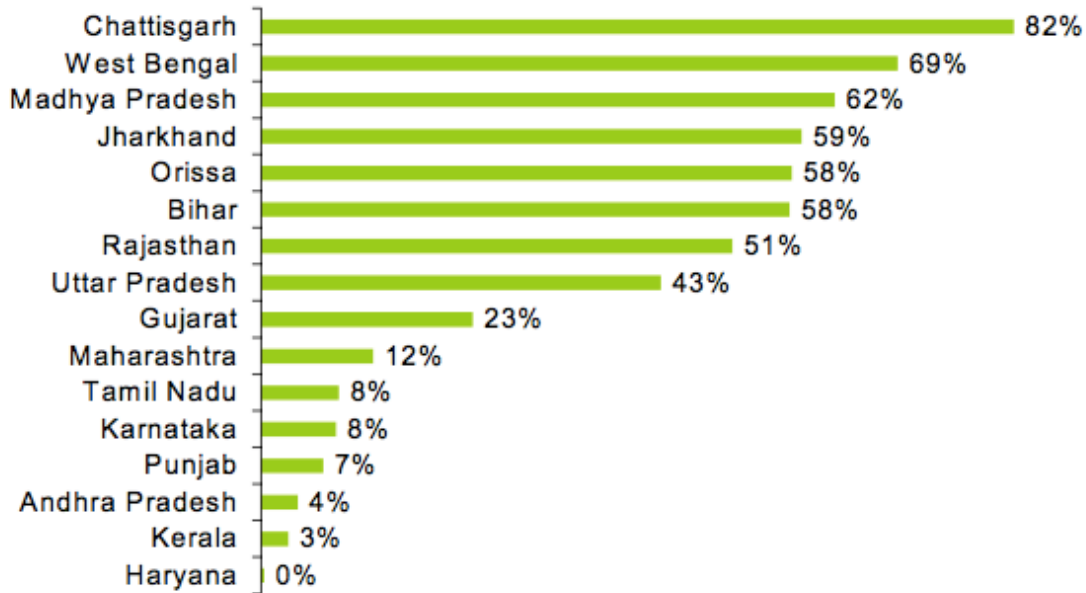


Note: Low-income states include Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, and Rajasthan. Medium-income states include Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, and West Bengal. North-High includes Punjab and Haryana, and West-High refers to Gujarat and Maharashtra.

Source: Authors' calculations.



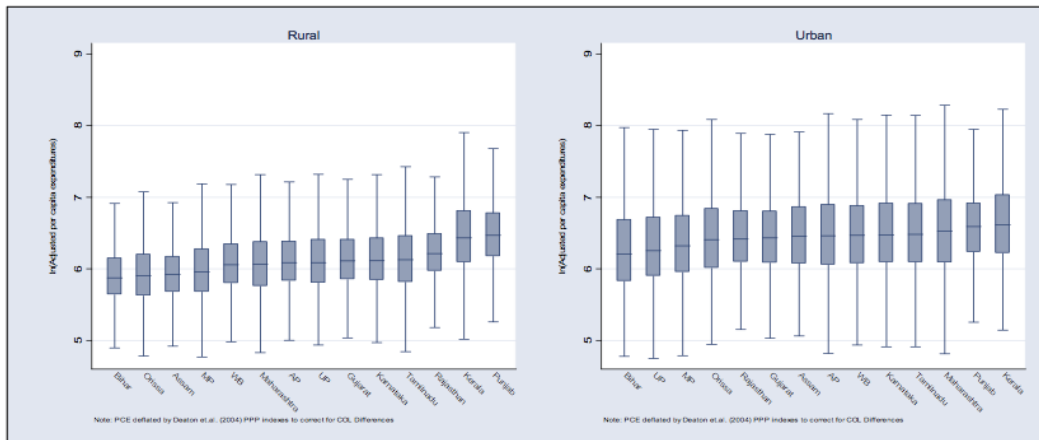
Figure 12: In most of the lagging states over half of habitations are not connected by roads



Source: All data from Ministry of Rural Development, Government of India.

Figure 13: The poorer sections of the wealthier Indian states are very nearly as poor as those in the poorer states.

Distribution of per capita expenditures, by state, 1999–2000



Note: The box plots show the 25th, median, and 75th percentiles and upper and lower adjacent values of the logarithm of per capita expenditures adjusted for cost-of-living differences across states.

Source: Authors' calculations using 1999–2000 Schedule 1.0 unadjusted 30-day consumption distribution and multilateral prices indexes for cost-of-living adjustments across states from Deaton and others 2005.



Why should uneven development concern India's leadership?

India is a member of G20, a group of countries consisting of first-world and emerging countries. Emerging countries in this group, on a relative basis, do have overall GDP higher than rest of approximately 180 countries. India, because of its population, location, history, and strategic location, is considered important internationally.

However, in terms of advanced countries, that is, the first-world, India is not exporting manufactured goods in large numbers to United States or Europe. On the other hand, South Korea, Singapore, China, and Japan are exporting and manufacturing high-end, sophisticated electronic and high-technology products to global markets. The uneven development outlined and analyzed by figures and charts in this research paper, which hopes to bring forth discussions, conversations, and debates on these issues.

Hopefully, this research will further the debate and promote management strategies to mitigate unevenness for effective implementation at various levels of Indian society—local, state, regional, and national.

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