Economic Disparity Among Social Groups In India: Is Convergent or Divergent?

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The Integral Humanism theory of Pandit Deen Dayal Uppadhyay propounds the development of every human being with the development of Society. This theory emphasises to provide a life of dignity to each and every individual of society. If the economic and social conditions of all especially the marginalised people of the society improves with economic development of a country then this development will have a true meaning. That is why for a developing economy like India the focus should not be just on GDP growth itself, but on achieving a growth process that is as inclusive as possible.

Is the economic development of India is providing its benefit to all and the disparity among people is decreasing? The present paper thoroughly focuses on this issue. For analysing the inclusiveness of economic development of India comparison of variables related to economic development among various social categories is done. The variables included are Poverty Ratio, Monthly Per Capita Expenditure (MPCE), Worker Population Ratio (WPR) and Enrolment Ratio for Class IX to XII for STs. With the help of These variables the Economic Development Index of STs is computed by Principal Component Analysis method for 18 states according to the availability of data of all variables and states are classified by clustering techniques in three classes according to the level of economic development of STs : High, Moderate and Low. The results show that there is regional disparity regarding the economic development of scheduled tribes in India. In few states STs are performing economically better but fifty percent states showed low economic development of STs and increasing gap of poverty among STs and all categories. Thus economic disparity is divergent for Scheduled Tribes in India.

Key Words: Economic Development, Disparity, MPCE, Poverty, Scheduled Tribes

Introduction

The economic development is relates with GDP growth but is really meant for improved quality of life of its people. Many alternative growth models and new theories emphasis this phenomenon. The Integral Humanism theory of Pandit Deen Dayal Uppadhyay also propounds the development of every human being with the development of Society. This theory emphasises to provide a life of dignity to each and every individual of society If the economic and social conditions of all especially the marginalised people of the society improves with economic development of a country then this development will have a true meaning.

That is why for a developing economy like India the focus should not be just on GDP growth itself, but on achieving a growth process that is as inclusive as possible.

However, rapid growth of GDP is an essential requirement for achieving this objective. 12th five year plan draft report explains the two reasons why GDP growth is important for the inclusiveness objective. First, rapid growth of GDP produces a larger expansion in total income and production which, if the growth process is sufficiently inclusive, will directly raise living standards of a large section of our people by providing them with employment and other income enhancing activities. Second, it generates higher revenues, which help to finance critical programmes of inclusiveness.

Some economists do not agree that increasing GDP brings the development to all the sectors of the economy. The Kuznets curve graphs the hypothesis that as an economy develops, market forces first increase and then decrease economic inequality. There a questions arises is the economic development in India has been inclusive or it has decreased the economic disparity?

The economic disparity has many dimensions and it could be measured among regions i.e. states, urban and rural areas, among social categories, among genders etc.

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The present paper tries to explore that the economic development of India has benefited the marginalised- Scheduled Tribes or not. Is the economic disparity among social categories has reduced with the growth or not. The paper has been divided in five sections. The first section deals with the introduction and objectives of the research. Second section deals with methodology of the research. The third section explains about the economic development of scheduled tribes in India. The forth section deals with the analysis of regional disparity of economic development of ST in India. The fifth section is about conclusion and suggestions.

Objectives

• To study the magnitude of poverty among STs at all India level and State level.

• To assess the trend of poverty gap between STs and All Category in India and various states.

• To develop an economic development index of STs in India at state level.

• To assess the disparity regarding the economic development of STs.

• To correlate the economic growth of state with economic development of STs.

Methodology

The secondary data on poverty among STs and All-category is obtained for the four periods (1993-94 and 2011-12) from a working paper of Columbia University as mentioned in references. Data of several other indicators of economic development of STs such as monthly per capita expenditure (MPCE), workers population ratio (WPR) and enrolment ratio for class IX-XII were obtained for 2011-12 from National Sample Survey Reports on Employment and Unemployment, Consumption Expenditure Survey, U-DISE Data and other sources.

To compute the Economic Development Index of STs for the year 2011-12, the Principal Component Method of Factor analysis was used. Four variables are included to compute this index- poverty ratio of STs, monthly per capita expenditure (MPCE) of STs, Enrolment ratio of STs for Class IX-XII, workers population ratio (WPR) since these variables are related to economic well being. Data regarding these variables are collected for those states for which data of all variables are available. Thus Index is computed for 18 states of India. After computing this Index State wise and All India Level, states are classified in three categories- State with High development of STs, State with Moderate development of STs and State with least development of STs with the help of Clustering Technique. The formula used for determining the class interval is (Maximum Index Value-Minimum Index Value)/3.

To assess whether the economic growth has benefited the STs in India or not the Karl Pearson's Correlation Coefficient was calculated between the economic growth of Gross State Domestic Product (GSDP) and Economic Development Index of STs.

Economic Development of Scheduled tribes in India

ST population was 8.16 percent of total population in India in 2001 which increased to 8.59

percent in 2011. Though the male ST population in absolute terms was greater than female ST population but per cent share of female ST population is higher in all categories female population than male population in both 2001 and 2011 census (Table 1).

Table 1: Population of Scheduled Tribes (ST) in India (in Crores)

Type	Scheduled Tribe (ST)		All Categories		Percentage of ST to All	
	2001	2011	2001	2011	2001	2011
Male	4.3	5.2	53.2	62.3	8.08	8.35
Female	4.2	5.1	49.6	58.7	8.47	8.69
All - India	8.4	10.4	102.9	121.1	8.16	8.59

Source: Statistical Profile of Scheduled Tribes In India 2013

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Figure 1 : Poverty among STs in Combined Urban and Rural Areas
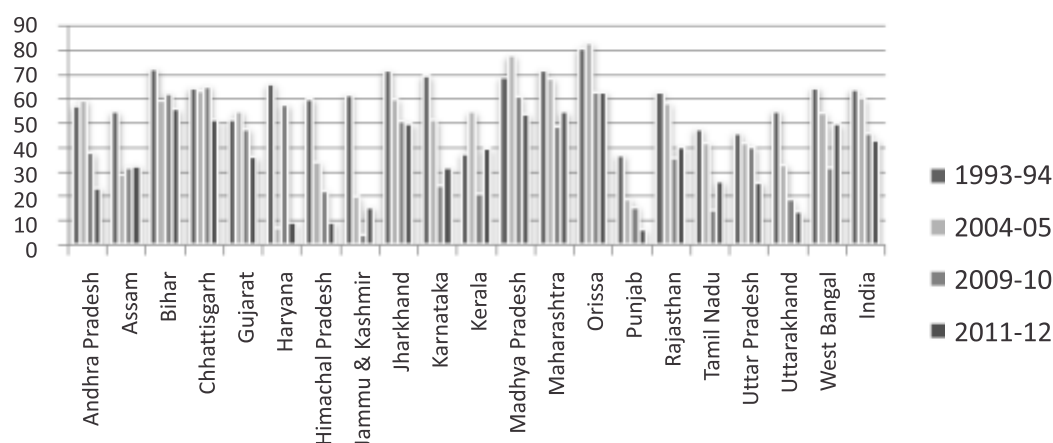
The STs Account very less percentage (8.59 per cent) of the total population and are deprived as other researchers found in their studies. Exclusion in their case is in the form of denial of right to resources of livelihood and unintended and intended consequences of societal processes and policies of the Government which, inflicted considerable deprivation and poverty among them (Thorat 2000). The Scheduled Tribes also suffer from 'constitutive relevance' of exclusion, which arises because of their inability to relate to others, and to take part in the life of the community, and indirectly results in impoverishment (Sen 2000).

The economic deprivation of STs can be identified by various indicators and poverty is one of them. The analysis of poverty among STs gives a very clear indication of their exclusion from the main stream of development in India.

The table 2 give the estimates of the percent of population below the Tendulkar Poverty line in rural and urban regions and in the two regions combined of the Scheduled Castes, Scheduled Tribes, Other Backward Castes (OBC) and Forward Castes (FC) for years 1993-94, 2004-05, 2009-10 and 2011-12.

Table 2: Poverty by Social Groups, 1993-94 to 2011-12

Social groups	Share in population	Percent population below the Tendulkar line				Percentage point poverty reduction	
	2011-12	1993-94	2004-05	2009-10	2011-12	1993-94 to 2004-05	2004-05 to 2011-12
	Rural						
ST	11.1	65.9	62.3	47.4	45.3	3.7	16.9
SC	20.8	62.4	53.5	42.3	31.5	8.9	22.0
OBC	45.0		39.8	31.9	22.7		17.1
FC	23.0	44.0	27.1	21.0	15.5	9.0*	11.6
All	100.0	50.3	41.8	33.3	25.4	8.5	16.4
	Urban						
ST	3.5	41.1	35.5	30.4	24.1	5.6	11.4
SC	14.6	51.7	40.6	34.1	21.7	11.1	18.8
OBC	41.6		30.6	24.3	15.4		15.2
FC	40.3	28.2	16.1	12.4	8.1	5.8*	8.0
All	100.0	31.9	25.7	20.9	13.7	6.2	12.0
	Rural + Urban						

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ST	8.9	63.7	60.0	45.6	43.0	3.7	17.0
SC	19.0	60.5	50.9	40.6	29.4	9.6	21.5
OBC	44.1		37.8	30.0	20.7		17.1
FC	28.0	39.5	23.0	17.6	12.5	8.1*	10.5
All	100.0	45.7	37.7	29.9	22.0	8.0	15.7

Source: Pangaria A. and V. More(2013), Working Paper(No. 2013-02) Poverty by Social, Religious & Economic Groups in India and Its Largest States 1993-94 to 2011-12, Institute for Social and Economic Research and Policy, Columbia University.

Table 2 leads to the conclusion that poverty ratio is highest for ST population in rural area, urban area and combined area in India. Other important conclusion is though the poverty ratio is declining for All the groups but there is a large difference in the declines between two periods (1993-94 to 2004-05 and 2004-05 to 2011-12). Though the decline in STs Poverty ratio is much higher in second period than first period but it is lower than all categories except forward caste. It shows that STs who live in remote areas are remained to be benefited from the high growth phase in India.

The STs predominantly reside in the rural areas, the levels and trends in poverty among them in rural areas closely track those in rural and urban areas combined. Figure 1 shows the level of poverty among STs in various states in India in combined rural and urban area. Very few states like Haryana, Himachal, and Andhra Pradesh have faced drastic decline in poverty but most of them have seen very minimal percent change in poverty ratio. Some states have marked in poverty estimates in 2011-12 than 2009-10 such as- West Bengal, Tamil Nadu, Kerala, Karnataka, Rajasthan, Maharashtra, Jammu & Kashmir. So there is disparity regarding poverty among STs in India.
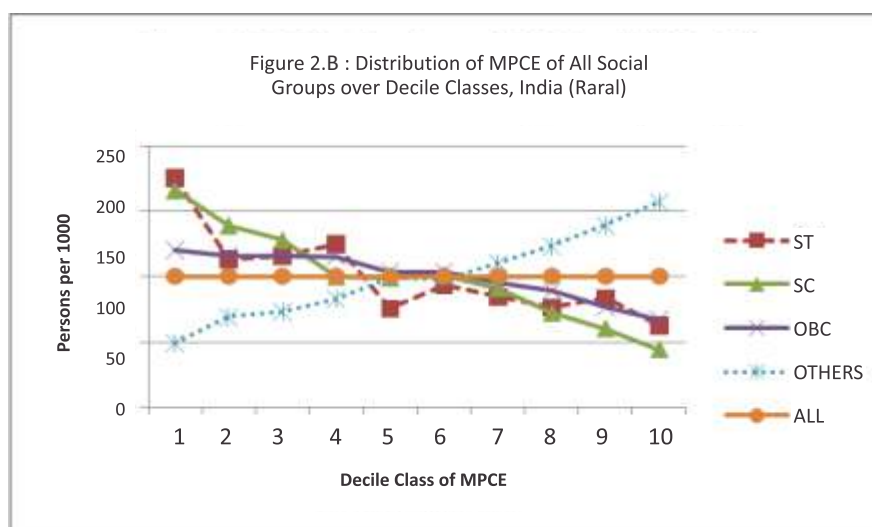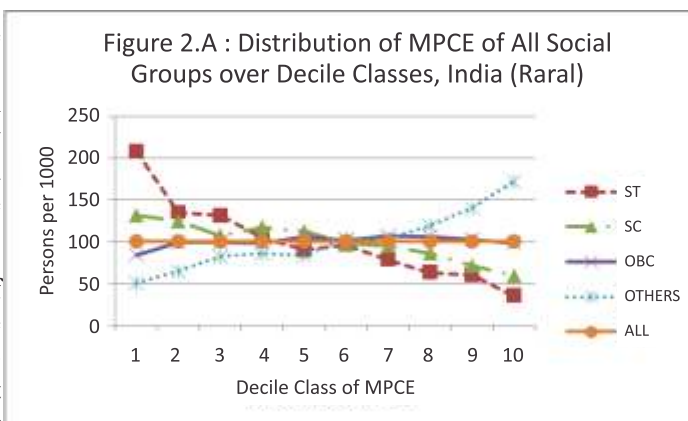
Table 3: Difference in Poverty Ratio of STs from All-Category
(Combined Rural and Urban Area)

State	1993-94	2004-05	2009-10	2011-12
Andhra Pradesh	12.1	29.3	16.3	13.8
Assam	1.9	-6.2	-6.5	-0.1
Bihar	11.3	4.5	8.3	21.5
Chhattisgarh	13	11.9	14.7	10.9
Gujarat	12.9	22.2	24.4	18.9
Haryana	29.7	-17.5	37.5	-2.2
Himachal Pradesh	24.8	10.7	12.6	1.2
Jammu & Kashmir	34.8	6.6	-5.3	4.7
Jharkhand	10	12.6	11.6	12.2
Karnataka	19	17.3	0.4	10.3
Kerala	5.8	34.6	9.2	31.3
Madhya Pradesh	23.9	28.3	23.6	21.4
Maharashtra	22.9	29.2	23.7	37.1
Orissa	21.1	25.2	25.4	29.6
Punjab	14.4	-2.3	-0.3	-2
Rajasthan	24.1	23.4	10.6	25.5
Tamil Nadu	2.4	11.2	-3.3	14.1
Uttar Pradesh	-2.9	0.7	2.3	-3.9
Uttarakhand	21.1	-0.2	1.9	2.1
West Bengal	24.4	19.1	4.5	29
India	18	22.3	15.7	21

Source: Computed from data of same source of table 2.

In Table 3 positive value shows that poverty ratio is high for STs as compared to All-Category. Out of twenty states the data of ten states are showing that the difference in poverty ratio of STs and All- Category has been increased since 1993-94 in India which means in these states economic condition of STs has worsen. Only four states-Assam, Haryana, Punjab and Uttar Pradesh are showing negative gap in 2011 which means in these states condition of STs is better than All- Categories.

Monthly per capita expenditure is an indirect measure of per capita monthly income. In rural India, the average MPCE was lowest for STs (Rs.1122) as compared to Rs.1252 for SC and Rs.1439 for OBC. In urban India it (Rs.2193) was slightly higher than Rs.2028 for SC but lower than Rs.2275 for OBC.

Figure 2.A : Distribution of MPCE of All Social Groups over Decile Classes, India (Raral)

Figure 2.B : Distribution of MPCE of All Social Groups over Decile Classes, India (Raral)

Source 2.A and 2.B : Plotted against the data collected from NSS Report No.562- Household Consumer Expenditure among Socio-Economic Groups, 2011-12.

Figures 2.A and 2.B also show that in rural and urban India more than 60 percent of ST population comes under lower decile class which also indicates the poor economic condition of STs in India.

Table 4: Worker Population Ratio (WPR) according to Usual Status (Ps+Ss) for Different Social Groups, All-India 2011-12

Social Group	Rural	Urban	Rural+Urban
ST	463	366	452
SC	404	364	395
OBC	391	356	382
others	382	349	368
All	399	355	386

Source: NSS Report No.563- Employment and unemployment situation among social groups in India

Social Category	Boys	Girls	Total
ST	46.88	40.72	43.91
SC	62.08	61.41	61.76
All	58.82	54.53	56.80

Source: Statistics of School Education 2011-12,MHRD

Table 5 shows that the enrolment ratio of Class IX-XII is very less for STs as compared to other categories in India.

Thus analysis of indicators of economic development of STs show lower development of them at all India level.

Regional Disparity in Economic development of Scheduled Tribes in India:

To analyse the economic condition of STs at India and state level an Economic Development Index of STs (EDI-ST) is computed using four indicators – Poverty Ratio of STs, Average MPCE of STs, WPR of STs, Enrolment ratio of STs in Class IX-XII and assigned weights found out by PCA method of Factor Analysis technique. The Table 6 shows the value of loadings used to compute EDI-ST.

Table 6: Factor Loadings used to compute EDI-ST

Variables	Loadings
Poverty Ratio	- .812
MPCE	.897
WPR	.420
EnR_IX - XII	.822

Source: Computed with PCA method

Since poverty ratio is negative indicator of economic development the loading value is negative for it and other three variables are positively correlated with economic development of STs they have positive loadings. Table 7 shows the Economic Development Index of Schedule Tribes (EDI-ST) for various States and their classification according to that index.

Table 7: Value of EDI-ST for all the States and their Classification (2011-12)

State	EDI-ST	EDI-ST converted on 0 to 1 Scale	Classification of States*
Himachal Pradesh	6.186	1	States of High Economic Development of STs
Uttarakhand	3.068	0.679	
Kerala	2.842	0.656	
Andhra Pradesh	2.139	0.584	States of moderate Economic Development of STs
Tamil Nadu	0.733	0.439	
Uttar Pradesh	0.291	0.393	
Jammu & Kashmir	0.255	0.390	
Rajasthan	-0.011	0.362	
Karnataka	-0.090	0.354	

Maharashtra	-0.405	0.322	
Assam	-0.480	0.314	
Gujarat	-0.514	0.311	
West Bengal	-0.963	0.264	States of less Economic Development of STs
Chhattisgarh	-1.394	0.220	
Madhya Pradesh	-1.911	0.167	
Jharkhand	-2.325	0.124	
Orissa	-3.144	0.040	
Bihar	-3.533	0	
India	**-0.747**	**0.287**	Low Level

Source: Computed

*Classification is done with Clustering Technique. Range for Classes:0 to 0.333 "States of less Economic Development of STs"; 0.333 to 0.667 "States of moderate Economic Development of STs"; 0.667 to 1 "States of High Economic Development of STs"

Figure 3 : Disparity among States regarding Economic Development of STs (2011-12)
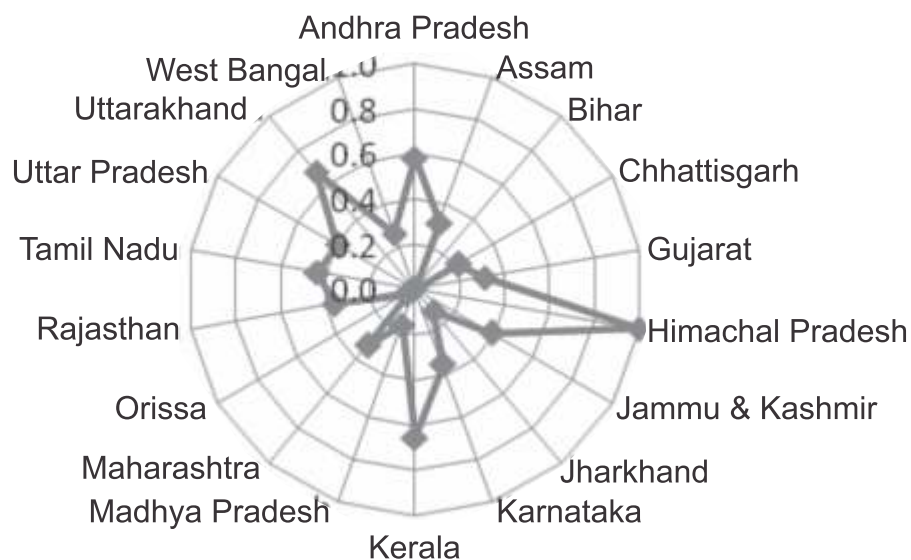

Table 7 and figure 3 explains that there is regional disparity regarding the economic development of STs in India. Out of twenty only 16.67 per cent (three) states- Himachal Pradesh, Uttarakhand and Kerala show high economic development of STs, 33.33 per cent (six) states comes under the category of states of moderate economic development of STs and half of the states (50 per cent) are states of less economic development of STs in India.

Analysis of effect of Economic Growth on Economic Development of STs:

To analyse the effect of economic growth on economic development of STs Karl Pearson's coefficient of correlation is calculated between growth rate of Gross State Domestic Product (GrRate-GSDP) and Economic Development Index of STs (EDI-ST) of all states. The results are shown in Table 8.

Table 8: Correlation between Growth Rate of GSDP and Economic Development of STs

		GrRate_GSDP	EDI_ST
GrRate_GSDP	Pearson Correlation	1	.201
	Sig. (2 -tailed)		.425
EDI_ST	Pearson Correlation	.201	1
	Sig. (2 -tailed)	.425	

Source: Computed

Table 8 shows positive correlation coefficient between Growth Rate of GSDP and Economic Development of STs but this value is very low and insignificant (p-value>.05) so it cannot be concluded that with high economic growth high level of economic development of ST is achieved in India.

Conclusion

The goal of inclusive economic growth can be achieved if marginalised people or people in the last row come forward. Scheduled Tribes are the most deprived people in India and more prone to poverty. The poverty ratio of STs is highest among all social categories in rural, urban and all India. Even this rate of decrease is also least for STs in India. State wise analysis shows that the poverty ratio of STs is higher than poverty ratio of All- category in 85 percent states in India and fifty percent states have shown increased gap between STs and All- category during 1993-94 to 2011-12. Average MPCE of STs is lowest among all social groups and more than 60 percent of ST population comes under lower decile class of MPCE. Though the WPR is higher of STs at all India level but the low enrolment ratio of STs for Class IX-XII shows that they are not able to get highly payable jobs. So all India analysis of STs shows that their economic condition is poor. This condition is more or less same in most of the states in India. Only in few states Himachal Pradesh, Uttarakhan, Kerala, Andhra Pradesh, Tamilnadu are performing better. There is not found any significant correlation in growth rate of GSDP and Economic Development Index of STs in India so it can be concluded that economic disparity in India among social groups is not reducing even poverty analysis shows it is increasing and so economic disparity is divergent for Scheduled Tribes in India. To make the growth inclusive in India Scheduled Tribes have to be linked with mainstream economic growth in India. For this poverty ratio is to be reduced, employment of STs in highly payable jobs is to be increased. It will happen if employability of STs is being increased by encouraging them for high education and skill development.

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