

**Regional Disparities in Post Reform Development in India:
A New Methodology for Grading Development by States**

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This paper is an attempt to devise a new methodology for grading inter-state differences in development and its empirical outcome in the context of the post reform period in India. The regional development grades are obtained by a scorecard model where weights for the development characteristics are determined in an optimization framework. In estimating the model we have used unit-level data from the National Family Health Survey as well as the 61st round of the National Sample Survey. Before estimating the model we try to bring out relational patterns between income and non-income indicators of development that include levels of income per capita, differentials in wealth status, poverty, gender gaps in terms of health and education, standard of living indicated by access to components of physical infrastructure ensuring reasonably good quality of life. Our empirical findings from model estimations for determining development grades bring out that a state with relatively high level of per capita income secures lower scores for development compared to a state with lower per capita income. Our estimates also indicate that there are significant variations between rankings for states by per capita income and poverty on the one hand and by development grades on the other. We believe policy implications for assigning instrumental role to growth in reducing regional disparities in development are considerable. Given the paradox of high GDP growth and low level of human development, we, in this paper, call attention to non-income dimensions of development with no distraction from growth objectives.