

Does Inclusive Growth Widen Regional Inequalities? A Study for India

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Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenge in a country like India. Using data from government of India's Economic survey and Reserve bank's Bulletin, this paper attempts to examine functional relationships and influence of inter-related elements of inclusive growth such as, agriculture development, industrial development, Social Sector and poverty reduction, infrastructural development, and demographic changes on economic development across seventeen major states in India. A model has been built taking these elements as explanatory and independent variables. Whereas, Per Capita Net State Domestic Product at constant prices is considered as dependent variable. A composite index of each sector is built for three different time periods and average of this value is taken as over all development index. On the basis of this index we categorized states into three different clusters. We in this paper contended that factors effecting technology should be considered for measuring regional inequalities. Regression analysis of the three models though produces significant results of significance, but also brought out the fact that considerable disparities existed among the seventeen major states of India.