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**Comparative Study Economic Development in Maharashtra and Gujrat State**

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Shri Shahu Mandir Mahaviyalaya, Pune**Abstract:**

*Regional development is the crucial problem of Indian Economy. It is an impact of government policy decisions. Regional development may be domestic or international in nature. Maharashtra is big state comprising of 35 districts, having different socio-economic, cultural, population parameters, source of livelihood and climatic conditions. Each district in the state of Maharashtra is different from other and offers different strengths to the economy of the State*

**Key word:** Comparative Development, Economic Indicator, Maharashtra and Gujrat State Development

**Introduction:** Maharashtra is one of the largest states in India. Maharashtra's gross state domestic product for 2014 is estimated at \$295 Billion in current prices which rose to \$398 Billion in 2015. As of 2010 Maharashtra had a Per Capita Income of \$1,660, far ahead of national average of \$1,219. Maharashtra's GDP Per Capita crossed the US\$2,000 threshold for the first time in 2011. Maharashtra is third-most urbanized state with urban population of 45% of whole population.

Mumbai, the capital of Maharashtra houses the headquarters of almost all major banks, financial institutions, insurance companies and mutual funds. India's largest stock exchange Bombay Stock Exchange, oldest in Asia, is located in the city. More than 41% of the S&P CNX 500 conglomerates have corporate offices in Maharashtra. After successes in the information technology in the neighboring states, Maharashtra has set up software parks in Pune, Mumbai, Navi Mumbai, Nagpur and Nasik, Aurangabad and Latur. Maharashtra is the second largest exporter of software with annual exports of Indian Rupee symbol.svg 18 000 crores and accounts for more than 30 per cent of the country's software exports, with over 1,200 software units based in the state. Maharashtra ranks first nationwide in coal-based thermal electricity as well as nuclear electricity generation with national market shares of over 13% and 17% respectively. Maharashtra is also introducing Jatropha cultivation and has started a project for the identification of suitable sites for Jatropha plantations. Ralegaon Siddhi is a village in Ahmednagar District that is considered a model of environmental conservation. The Konkan on the windward side is also endowed with heavy rainfall, declining northwards. East of the Sahyadri, the rainfall diminishes to a meagre 70 cm. in the western plateau districts, with Solapur-Ahmednagar lying in the heart of the dry zone. The rains increase slightly, later in the season, eastwards in the Marathwada and Vidarbha regions.

**Objective of the Study:**

- i) To study the relationship between the region and economic development indicators.
- ii) To find out the develop state according to economic development indicators
- iii) To study the causes of regional imbalance between states.

**Literature Review:**

The Dandekar Committee was appointed by the Government of Maharashtra in 1984 to examine regional imbalance in the State and suggest measures to achieve greater regional equality. Malecki's (1991) definition: A combination of qualitative and quantitative features of a region's economy, of which the qualitative or structural are the most meaningful... The qualitative attributes include the types of jobs, not only their number and long-term and structural characteristics, such as the ability to bring about new economic activity and the capacity to maximize the benefits which remain within the region.



The State Planning Board appointed a Study Group in 1993 to identify backward areas and the

Group identified 17 backward districts, of which six districts were in Marathwada region, eight districts in Vidarbha and three in the rest of the State.

Blakely's (1994) has definition: A process in which local governments or community based organizations are engaged to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to stimulate employment opportunities in sectors that improve the community, using existing human, natural and institutional resources.

Desarda (1996) pointed out that the backward regions of Vidarbha, Marathwada and parts of Konkan had not only suffered neglect but the growth model of western Maharashtra had been 'foisted' on these districts which was not in sync with either their agro-climatic or socio-political features.

**Research Methodology:** Secondary data sources, economic survey of Maharashtra and Gujrat, Books, articles,

**Data Used:** Data is based on 1981-2014

**Reasons for Disparity:** Once disparities are identified classified, the next step is to find out the root causes of disparity.

The factors that are responsible for the relative regional disparity are many. Some of the root causes of disparity are as follows:

- 1. Political Cause:** - On account of the politics of defections, the debacles or falls of governments and vote politics the (central and state) governments became politically weak. Therefore the priority of the government became to please the rich minority so that it may run. To mitigate resentment and dissatisfaction among the general mass it had to play pseudo role of and on to remedy the poor mass through various unsuccessful employment and poor welfare programmes. Therefore, the rich minority and the areas or regions relating to the rich minority became rather developed by getting larger portion of the total fruits of development move of the country. Moreover, the regions or communities relating to educated and politically aware people also got greater share in economic development on account of their greater political pressure on the government.
- 2. Administrative Cause:** - The persons in administrators group either belong to the prosperous group of the society or come under pressure of politicians and socio-economic elites to direct the development benefits discriminately towards these politicians and elites. The elites and politicians not only pressurized in free but even enticed and allured the administration personnel by bribing them whereby corruption emerged in government departments. This corruption initially starting from these high leveled administrators later on percolated downward even to the lowest segment of the society and thus became the present condition of general corruption in India. Moreover, to show high performance and good work these administrators also supported the investment and the development projects in more developed areas to obtain early returns.
- 3. Unequal Distribution of Natural Resources:** - The distribution of natural resources is not equal among the different parts and the different regions of the country. The industrialisation thence became brought about fast in the regions and the parts rich in natural resources. This resulted into faster development of education and employment level in those regions and parts in comparison to that in the regions and parts lacking in the availability of natural resources
- 4. Caste System:** - Indian mass especially Hindus are divided into different castes under a caste system based on the strong social stratification. Despite considerable efforts have been made by the



government and non-government organisations for social reforms to root out the malign traditions and social evils like untouchability, the curses of the strong stratification of the society, but the people of lower segment (castes) of the society in many parts, especially the remote ones, are still prevented from equal rights to education, employment, profession and facilities. This makes them economically weak. They are prevented forcibly by the people of upper segments (castes) even from casting votes in the general elections.

#### Measures to Reduce Regional Imbalance:

**1. Good governance:** Governance means managing the affairs of a country, a state, or even a block, or, a village. Good governance refers to effective planning, management and monitoring of activities in order to bring about effective improvement in the affairs of the country, or, a state, and making equitable distribution of the gains of development. It also refers to providing equal access to basic services to all sections of the population, and equal opportunities for individual growth. Thus, the better the governance, the less would be the disparity.

**2. Transparency:** it is essential to check disparity and to ensure that development takes place. Transparency could be ensured if people have access to information. This is possible through the provision of information about various legislations to citizens, such as the Right to Information Act, legal literacy, etc. Since people are not aware of their right to information, they are not able to acquire knowledge about the system's failure within an organization, and to raise their voice against non-functioning systems within an organization. The more the transparency in an organization, the greater would be the growth of the organization. If all organizations in a country, for example, have adequate systems in place, there would be no disparity.

**3. Transformation in the attitudes of people :** People who consider factors like class, caste, gender, age, etc., important for development are actually creating hindrances in development by perpetuating disparity. It is very important for the people to realize that factors these create serious bottlenecks in the development process, and are factors that affect certain sections of society. If development is to take place, it is important that all sections of society participate in the development process, and reap the fruits of development. It is important for the government and the private sector to realize that disparity can be removed.

**4. People's participation:** it is ensured at all stages of development, and at all levels, right from the top level to the grassroots level. When people are participating in the development process, it is in their interest to ensure that all sections of the society benefit equally from the process. If only a small section of the population benefits from the development process, it means that over a period of time disparity would crop up.

| Shares of each sector in NSDP across States |         |           |          |             |           |          |
|---------------------------------------------|---------|-----------|----------|-------------|-----------|----------|
| year                                        | Gujarat |           |          | Maharashtra |           |          |
|                                             | Primary | Secondary | Tertiary | Primary     | Secondary | Tertiary |
| 1980-81 to 1989-90                          | 40.4    | 25.4      | 33.8     | 25.7        | 30.4      | 43.9     |
| 1980-91 to 1999-00                          | 29.1    | 32        | 38.8     | 20.1        | 29.1      | 50.7     |
| 2000-01 to 2014-15                          | 20.8    | 33.2      | 46       | 16.3        | 23.6      | 60.1     |

Source: <http://planningcommission.nic.in/>

**Agriculture Sector:** Although Maharashtra is a highly industrialized state of India, agriculture continues to be the main occupation in the state. Since most of the cultivable land is still rain-fed, the Southwest Monsoon season between June and September is critical to the food sufficiency and

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quality of life in the state. Therefore, the agricultural calendar of Maharashtra and other parts of India, is governed by Monsoon. Any fluctuations in the time distribution, spatial distribution or quantity of the monsoon rains may lead to conditions of floods or droughts causing the agricultural sector to adversely suffer. This has a cascading effect on the secondary economic sectors, the overall economy, food inflation and therefore the overall quality and cost of living for the general population. Districts in Western Maharashtra on the Deccan plateau such as Pune and Ahmadnagar are particularly prone to drought.

**Industrial Sector:** Maharashtra is India's leading industrial state contributing 13% of national industrial output. 64.14% of the people are employed in agriculture and allied activities. Almost 46% of the GSDP is contributed by industry. Maharashtra has had a long History in textiles and Mumbai was the original home of India's textile mills. Sholapur, Ichalkaranji, Malegaon and Bhivandi are some of the cities known for textile industry today. Pharmaceuticals, petrochemicals, heavy chemicals, electronics, automobiles, engineering, food processing, and plastics are some of the major industries in the state. Maharashtra is renowned for the production of three-wheelers, jeeps, commercial vehicles and cars, synthetic fibers, cold rolled products and industrial alcohol. Small scale industries have also come up in a big way in the state. The state capital Mumbai and the Mumbai Metropolitan Region has historically been the most industrialized area in the state. Industrial development in the state is largely concentrated in the Pune Metropolitan Area, Nashik, Aurangabad and Nagpur. The six important industries in the state are cotton textiles, chemicals, machinery, electricals, transport and metallurgy. Pune is emerging as one of the largest automobile hubs in the country.

**Services Sector:** It is the largest contributor to the state's economy. Services account for 63% of the state's economy and industry 29%. The share of agriculture and allied activities has consistently been declining over the years and is currently around 8%. Services sector is tremendously increasing comparing to other sector.

**Conclusion:** According to National state domestic product data from 1980 -2013 Maharashtra state is becoming less attractive for investment in manufacturing industry compared to Gujarat state. And Agriculture and services sector both are showing increase in share of Maharashtra state domestic product compared to Gujarat State. Hence Maharashtra state should encourage for investment in manufacturing industry.

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