

## State Level Inequalities in Economic Development

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### Abstract

The impact of India's economic reforms on economic development has been the subject of much academic study and public debate in India, but the focus has been largely on the performance of the economy as a whole or of individual sectors. The performance of individual states in the post-reforms period has not received comparable attention and yet there are very good reasons why such an analysis should be of special interest. First, balanced regional development has always been one of the declared objectives of national policy in India and it is relevant to ask whether economic reforms have promoted this objective. Second, as India is a federal democracy it is important in any policy assessment to study the impact at both the level of the country and the states. This is particularly so because liberalisation has eliminated many of the controls earlier exercised by the central government and thereby increased the role of state governments in many areas that are critical for economic development. Finally, most inter-state comparisons have brought out the picture of worsening inequality after reforms. We however, find that as the growth process gains momentum the inequalities amongst states are becoming less sharp.