

**Basic Infrastructural Development and Improvement of Social-Economic Indicator in  
Madhya Pradesh**

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**Abstract**

The positive relationship between infrastructure and economic growth is well-known, and requires little further elaboration. Ironically, however, the links between infrastructure and human development are often less recognized and are not enunciated in terms relevant to policy. After all, the concept of human development was originally advanced to move beyond the relatively restrictive economic analyses based on growth of income alone, and to incorporate both human capabilities and empowerment, which relied much more on social and distributive variables. Nevertheless, it is obvious to anyone that infrastructure contributes directly to conditions of life not only by increasing labour productivity, but also through the provision of a range of amenities that are either necessary or desirable for human existence. The crucial role played by infrastructure development in creating better conditions of life has been highlighted again and again. Transport and communications infrastructure is important in terms of providing access to basic health services and thereby improving conditions of health and life, particularly of women and girl children. Basic infrastructure such as electrification plays a similar role, apart from changing the quality of life in general. It is now well known that basic road connectivity to a school, minimum facilities like separate toilets for boys and girls in school buildings are crucial determinants of the enrolment and attendance of girl children, and so on. Of course, the effects of such investments need to be assessed in terms of how the additional infrastructure changes the lives of people in any given area, and what changes would make it more effective and useful. The gender and class dimensions of the linkage effects also need to be examined, not just in terms of the direct effects, but also in terms of the secondary employment and opportunities created by such infrastructure building, for example, shops and new services that emerge with the construction of a new road. We briefly examine the interrelationship between infrastructure and human development, and also between infrastructure and poverty reduction, which in itself is perhaps the single most critical human development objective.

**Key Words :** Development, improvement, social-economic, Madhya Pradesh

**Introduction**

Landed development in India made its beginning immediately after achieving independence in the year 1947 through successive Five Year Plans (FYPs). The economic policy makers of these FYPs have constantly sought to direct the

developmental resources in to the parts of the country that are less developed for balanced regional development. However, the approach to the Eleventh Plan addressed the issue of uneven growth and increase in the socio-economic and demographic standards in different states of the country.

Development strategies in different states, therefore, need attention to make them consistent with twin objectives of growth and capacity building for achieving the desired level of socio-economic development and demographic goals.

This report aims to provide dimensions of development for the state of erstwhile and newly formed Madhya Pradesh over a period of time and thereby emerging policy thrust for development. The state of Madhya Pradesh was formed on November 1, 1956 by merging the then states of Madhya Bharat, Vindhya Pradesh and the princely state of Bhopal on the recommendation of State Reorganization Committee. Further, with the enactment of Madhya Pradesh Reorganization Act in the year 2000, it was bifurcated to carve out a new state Chhattisgarh. Before carving out Chhattisgarh, Madhya Pradesh was the state with the largest area in the country with natural beauty and abundant natural resources and economically useful minerals in large quantity namely, diamond (sole producer in the country), copper mining (80 per cent in the country), magnesium ore, limestone, coal and coalbed methane.

Centrally located, Madhya Pradesh (MP) is also known as the heart of India. Spread across an area of 308,000 sq km, MP is the second largest state of the country and ninth largest economy in India. The state is endowed with vast natural resources like forests, minerals, rare and valuable herbs and medicinal plants and eight important rivers flowing across the state. MP is the largest producer of oilseeds and pulses, garlic and coriander in the country. Low cost of basic infrastructure and availability of

skilled manpower and cheap unskilled labour further paved the way for expanding existing industrial base to greater extent.

Its rich cultural heritage and comparatively peaceful law and order situation, coupled with good connectivity with neighbouring states leverage the state as one of the emerging economy with high potential. Trend analysis for the newly formed Madhya Pradesh indicates that the state is trying hard to lift its economy to more developing strides and to come out of the BIMARU bracket. Two distinct waves were noticed while preparing the State Development Report (SDR) for Madhya Pradesh. Fiscal scenario of the state has shown significant improvement on one hand, thereby transforming the state's economy from revenue deficit to revenue surplus state. Such fiscal discipline has multiplier effect on the various components of the economy to develop and expand further. Sectoral composition clearly shows that the economy of the state is gradually shifting from the primary sector to secondary and tertiary sectors. But one has to be cautious as the state's GDP is highly sensitive to growth in agriculture sector. Hence, proper attention must be given to this sector as it has the potential to boost both industry and service sector through direct and indirect ways. Also, the development objectives of income and employment generation, poverty alleviation, Executive Summary balanced regional development can be addressed through proper focus on agriculture and allied sectors. Latest achievements of the state include infrastructure development in terms of physical connectivity and ICT, increased

literacy, enrolment and access to schooling, promoting the thriving sectors like tourism and industry and initiating public-private partnership for raising assets with minimum debt burden. On the other hand, the state's performance on basic human development indicators and other developmental indicators is not impressive, and many a

times fall far below the set standards or national average.

In terms of per capita income, these peer group states of the sixties followed relatively different growth paths. Herewith suitable Index of per capita State domestic Product as given below in table no. 1

**Table No. 1**

**Index of Per Capita State Domestic Product (SDP) at Constant Prices (Three Year Averages)**

State	1960-1963	1975-1978	1990-1993	1996-1999	1999-2000	20103-2011
Andhra Pradesh	87.84	89.61	78.86	90.84	92.56	103.05
Himachal Pradesh	78.98	107.00	98.90	91.39	91.15	133.11
Kerala	79.95	89.23	84.98	99.53	96.14	132.81
Madhya Pradesh	74.99	72.60	74.98	73.20	74.70	62.52
Rajasthan	90.15	91.44	83.90	84.30	82.17	78.74
Uttar Pradesh	76.84	72.71	72.22	62.14	63.30	52.93
All India	100.00	100.00	100.00	100.00	100.00	100.00

**Source:** Directorate of Economics & Statistics of respective state government and for All India-Central Tactical Organization

The relative position of MP has improved in relation to national per capita income till mid-nineties but after bifurcation of the state, it has shown a drastic fall at 21 position amongst all the states. Performance of Uttar Pradesh has remained stable until mid-nineties, experiencing a continuous relative decline vis-a-vis the all-India level

over the next four decades. However, two of the states in this peer group of the sixties experienced considerable improvement in their relative all-India position; these were Himachal Pradesh and Kerala.

**The ranking of states on the basis of per capita gross SDP at constant prices for major states of India. Table given below:**

**Table No.2**

**Ranking of States on the Basis of Per Capita SDP at Constant Prices.**

State	1960-1963	1996-1999	2003-2011
Andhra Pradesh	10	9	11
Assam	7	14	19
Bihar	17	17	23
Gujarat	3	3	8
Haryana	6	4	3
Himanchal Pradesh	13	8	6
Kanrnatka	8	6	10
Kerala	12	7	7
Madhya Pradesh	16	12	21

Maharashtra	1	1	5
Orissa	15	16	20
Punjab	4	2	4
Rajasthan	9	11	17
Tamil Nadu	5	5	9
Uttar Pradesh	14	15	22
West Bengal	2	10	12

**Source:** Directorate of Economics & Statistics of respective state government and for All India-Central Tactical Organization

It may be seen that notable deciles in relative all-India rankings have taken place in the major states of eastern India. most notably West Bengal, put also in the case of Bihar, Orissa and Assam. In the north the state of Uttar Pradesh has shown a slight and

continuous decline over four decades. Haryana has continuously improved its position and Punjab has remained more or less stable. However ranking of the states in States in southern and Western India has shown slight decline.

**Table 3**

**GSDP-MP and GDP at 1999-2000**

(In Rs. Crores)

State	GSDP-MP	GDP-India	% Share of MP
1999-2000	80123	1786525	4.49
2000-01	74582	1864773	4.00
2000-02	79891	1972912	4.05
2002-03	76765	2047733	3.75
2003-04	85530	2222591	3.85
2004-05	88254	2389660	3.69
2005-06	94158	2604532	3.62
2006-07	99110	2844022	3.48
2007-08	99500	2854022	3.49

In 1993-94, the per capita income of Madhya Pradesh was Rs. 6584 and that of India was Rs. 7690. The per capita income of Madhya Pradesh as a proportion of all - India per capita income was 86 percent. in the year 199-2000 the per capita income of MP rose to Rs. 8248 but after the bifurcation, it fell to Rs. 7195 in year 2000-01. In 2003-04, it was Rs. 8149 and in year 2004-05 the per capita income of MP is estimated to be Rs. 8238. The All India per capita income for 2004-05 is Rs. 12416,

which is 50 percent higher than that of MP. Thus, in the last 9 year the all India per capita income increased at a greater rate than the per capita income of M.P. The share shows continuous decline over the years and presently is at 3.48 per cent in 2007-08.

**Infrastructure Development in Madhya Pradesh:**

While increased growth rate would by itself contribute to some extent to poverty reduction, as noted earlier, appropriate

public policy initiatives for reduction in poverty by better land and water management would help broad-base the benefits of growth. The state would also need to concentrate on both improving infrastructure and the levels of social development, since both are interlinked in terms of delivery of services as well as providing access to income earning opportunities. These areas priorities themselves precisely because the state lags far behind the rest of the country, and because these areas are amenable to public policy action. However, public policy interventions need to be supported by adequate financial resources.

The following key areas are still the cause of great concerns if the state has to pursue balanced and equitable socioeconomic development which includes health and nutrition specifically for women and children, access to safe drinking water and sanitation, housing and availability of electricity, financial inclusion of marginalized sections and productivity of agricultural crops and high poverty ratio. Thus, the state has to put forth the strategic efforts in improving the current pace of providing health services, quality of primary education and higher education, non-farm income and employment generation opportunities, and reducing exploitation of natural resources for sustained growth. This is of an immense importance in light of the fact that nearly 35 per cent of the state's population belongs to Dalit and tribal communities, 38.3 per cent population is living below poverty line. Since these marginalized sections are highly dependent on the state government for survival, hence

the responsibility of the upliftment of these sections lies primarily with the state government only.

It is essential for the state to have balanced development on the fronts of economic indicators and MADHYA PRADESH 26 MADHYA PRADESH DEVELOPMENT REPORT social indicators. Favour of any one side may result into large scale disparity in the overall development of the state and will have farthest consequences in the lives of its citizens. The SDR in its analysis tried to cover different social and economic sectors of the economy ranging from growth of economy, employment and livelihood status, governance, agriculture, health, education to infrastructure and industrial development in the state. The scheme of describe is as follows:

- Comparative Development Profile deals with overall growth of the state's economy, interstate comparisons based on per capita GSDP, sectoral growth of the economy, sector-wise plan outlays in FYP, overview of budgetary performance, comparative profile of poverty in the country, ranking on human development, population growth and implications for the state.
- Employment and Livelihood covers trends in growth in employment situation in the state, size class holding, forest based livelihood, employment in enterprises and establishment including both agriculture and non-agriculture, rural non-farm employment, unemployment, underemployment, quality of employment, labour productivity, employment strategies and constraints and policy recommendations.

- Agriculture describes agro-climatic zones, land use classification, agriculture growth in the state, cropping pattern, share of MP in India's agriculture output, horticulture, allied services in agriculture, institutions and supporting services in agriculture, irrigation potential created and utilized in the state, crop-wise irrigation, and road ahead.
- Finance attempted trends in revenue receipts, analysis of both tax and non-tax revenues, trends in capital receipts, debt/GSDP ratio, trends of internal debt of the state government, expenditure side analysis including size of the budget, plan and non-plan expenditure, revenue and capital expenditure, analysis of various components of expenditure, developmental and non-developmental expenditure, adherence to FRBM, quality of expenditure, accurate budgeting, fiscal decentralization, measures taken for financial discipline and way forward.
- Forest deals with state of forest in MP, conservation of biosphere reserves, importance of forestry sector in state's economy, production of nontimber forest produce and minor forest produce, expenditure on forest sector, social forestry, joint forest management, state level initiatives and road ahead.
- Status of Women and Children Focus on status of women and child on key survival indicators, child mortality, maternal mortality, overall and child sex ratio, education profile, economic profile of women, child labour, political voice of women, crime against women and children in the state, gender budgeting and women's empowerment.
- Tourism covers tourism in India, importance of tourism, tourism in Madhya Pradesh including tourist destinations in the state, hospitality, tourist arrival in the state, growth of tourism sector, tourism policies, institutional mechanism for promoting tourism, achievements of tourism sector and strategies for tourism development.
- We tried to cover the topics like ranking of India on governance indicators, interstate comparisons based on quality of life, good governance, governance issues pertaining to Madhya Pradesh including human development, poverty and hunger, law and order situation and state of vulnerable communities, corruption, democratic institutions for governance, urbanization, migration, social inequality, government initiatives for improving governance in the state.
- Education describes status of elementary education, secondary education, higher education, technical education, quality of education, equity in education, provisioning of teachers, decentralization of academic support institutions, education budget, and various partners in education.
- Infrastructure highlights some of the very pertinent issues related to major sub-sectors of infrastructure like EXECUTIVE SUMMARY 27 physical connectivity through road, air and railways, telecom, power and water supply and sanitation.
- Handloom -describes status of handloom sector in MP, performance of handloom on various indicators, handloom based textile clusters in MP, demand for

handloom, market profiles for handloom products, supporting industries, key initiatives of state government and future strategy for growth of the sector.

- Health discusses about the indicators on the state of health, infant and child mortality, maternal health in the state, factors affecting basic health, health infrastructure in MP, expenditure on health, state policies and initiatives, medium term health sector strategy for the state and road ahead.

Industry covers role of industry in the state's economy, key industries, industrialization in MP, comparative performance of factory sector in MP, industrial clusters, SEZs in the state and investment opportunities for promoting industrialization.

### **Conclusion & Discussion**

MADHYA PRADESH DEVELOPMENT REPORT resources may be public or private. The aim should be for private investments to lead in the financing of the growth of economically productive activities in the state, whether in the industry, agriculture and services sectors. Industrial growth depends upon availability of infrastructure support in the form of power, transport, communications, while agricultural growth depends on rural infrastructure such as irrigation, rural electrification and rural roads. Public investments would need to be focused on social and livelihood development, to expand opportunities for the people, and also on strengthening of infrastructure. These alone would make the state attractive for private investment flows, much more than any incentives that the government may

provide. Such productive activities in different sectors of the economy can potentially grow significantly, given the improvement in development and infrastructure (that ought to be the focus on public investment). Ideally, both Central and state sector public investments should be directed as much as possible to build economic and social infrastructure in poorly endowed and less developed states like Madhya Pradesh, to help remove constraints on growth and leverage private investments. At the same time, there is a case for a focus by the Centre on these problems of developing infrastructure and human development in the poorer states. The Eleventh Finance Commission noted that, "States with good infrastructure are attracting private investments" and that "Central investments should be redirected taking this fact in view". Realistically though, the state should not sit back and await any spectacular action by the Centre in this regard.

In 1993-94, the per capita income of Madhya Pradesh was Rs. 6584 and that of India was Rs. 7690. The per capita income of Madhya Pradesh as a proportion of all - India per capita income was 86 percent. In the year 1999-2000 the per capita income of MP rose to Rs. 8248 but after the bifurcation, it fell to Rs. 7195 in year 2000-01. In 2003-04, it was Rs. 8149 and in year 2004-05 the per capita income of MP is estimated to be Rs. 8238. The All India per capita income for 2004-05 is Rs. 12416, which is 50 percent higher than that of MP. Thus, in the last 9 year the all India per capita income increased at a greater rate than the per capita income of M.P. The share

shows continuous decline over the years and presently is at 3.48 per cent in 2007-08.

There are important points given below:

- A state with full connectivity among all its villages and cities, through roads and communication network.
- A State with healthy children and healthy adults. A state with widespread network of quality medical facilities in all villages and cities.
- A state with 100% literacy and sufficient employment opportunities for all within the state.
- A state with well-established education infrastructure in every village with participation from public as well as private sector, catering to the needs of local as well as national industry.
- A state with sustainable agriculture practices promoting organic farming, blend of technical and traditional farming practices and highest cultivated land.
- A state with highest numbers of trees per hectare and sufficient ground water levels.
- A State with no corruption!

- A State contributing highest industrial production to the GDP of the country

As above pointed out earlier, doubling the rate of growth for the slow growing states, which have a combined population exceeding 300 million, is not a simple task and the policy directions outlined above are certainly not a comprehensive blueprint of what is needed. Detailed strategies have evolved for individual states, which address constraints and circumstances specific to each state. However the agenda we have outlined identifies some of the major areas of policy, which must be addressed if the slow growing states are to achieve a growth rate of 6% in the future. Determined action in these areas should make it possible to achieve this target. We hasten to add that even if this growth objective is achieved regional inequality would continue to increase since the rest of the country is projected to grow at a faster rate. However the rate of divergence in per capita incomes would be considerably moderated, compared to the trends observed in the 2016s, and the faster growing states would at least experience strong growth in per capita GSDP and sharply increasing poverty levels.

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