Growth vs. development: comparative analysis of Gujarat and West Bengal

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Abstract

Objectives: To study the basic idea of whether growth is an end itself or one should look beyond growth.
Methods/Statistical analysis: This study uses simple statistical technique such as calculating compound annual growth rates and various ratios to compare the growth and other development indicators of Gujarat and West Bengal.
Findings: It has been found that Gujarat is always ahead of West Bengal in terms of growth and output. However, in terms of other developmental parameters i.e. education, health, and Human Development Index (HDI), West Bengal fared well. This study has also considered women development indicator and found that West Bengal is ahead of Gujarat except in women’s work force participation. These findings strengthens that the argument of growth is not an end in itself; growth in output doesn’t always necessarily ensure improvement of other development indicators.
Application/Improvements: This study advocates adopting redistributive policies to ensure that fruits of growth are being distributed so that other development indicators also improve.
Keywords: Growth, Development, Gujarat, West Bengal, Comparative Analysis.

1. Introduction

Prior to 1970, Economic development used to be seen in-terms of economic growth. From the experiences of 1950s and 1960s, many developing nations have achieved high level of economic growth but failed to raise the standard of living of masses. This has raised the question regarding the narrow definition of economic development. Thus, around 1970s the definition of economic development went beyond economic growth and incorporated the idea of “Redistribution with Growth”. In the development economics discourse, the more modern approach considers “Development as a multidimensional process involving major changes in social structures, popular attitudes, national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty.” Sen’s capability approach also defines development as “Capability to function”. Sen (1998) argued that "Economic growth can’t be sensibly treated as an end itself. Development has to be more concerned with enhancing the lives we lead and the freedom we enjoy [1]. In the context of Indian economy, we are seeing the expectation of growing at a double digit is becoming enormous. This has increased in the post reform era where Economic Growth was considered as Panacea. However studies have shown that the high growth in the post reform era is dis-equalizing [2]. Apart from this, United Nation Development Program (UNDP) Report [3] reveals that low level of provision of education & health would lead to higher inequality on both social and economic front. In [4,5] pointed out that sufficient development in education and health parameters play an important part in increasing productivity, creating income, employment and raising quality of life for the people.

1.1. Objective:

This paper is motivated by this elementary learning of development economics which unfold the dichotomy between growth and beyond growth. To answer whether growth is the sole indicator of development or there is more to it, this paper takes two different states Gujarat and West Bengal. Both the states have different socio-political history. One notable factor is that West Bengal is the only state in Indian continent which has witnessed continuous 34 years of left rule whose main agenda was to promote not only growth but equality among poor
people. On the other hand, Gujarat was ruled by a politically non-left organization and their main economic agenda was to promote growth. Given this, it would be interesting to study what is the scenario of growth in both the states. Since this study is not confined to growth only so, it will also look at other indicators such as health, education, and HDI and women development. As a whole this study hopes to provide a comparative picture of Gujarat and West Bengal and addresses the issue of growth and whether that is sufficient to achieve development. The rest of the paper is organized as follows: Section 2 presents how the notion of development has changed over time. Section 3 discusses the data sources. Section 4 presents different development indicators of both the states. Last section presents the conclusion.

1.2. How the notion of development has changed?

This study is interested to look at the comparative scenario of both the states and that comparison is mainly motivated by the definition of development which is confined only to growth. Thus, this section will try to give a snapshot of how the perceived notion of development has undergone changes and gave rise to different theoretical stand point in the developmental discourse. As the literature of development, economics evolved over the time and four strands of thoughts dominated: a) Linear stages of growth model, b) Theories and pattern of structural change, c) International-dependence revolution and d) Neo-Classical free market counter revolution. Linear stages of growth model emphasize the need of growth to achieve a decent level of development. As Rostov remarked any underdeveloped countries will go through different stages to achieve a self-sustaining economic growth. According to him, any traditional society will follow certain sets of rule to take off to a growth process. Harrod-Domar has pointed out the necessary conditions of growth. That is one economy must save and invest certain proportion of their GDP in order to grow [1]. Thus the Linear Stages of Growth model emphasized on growth and do talked about how one underdeveloped economy can achieve it.

On the other hand, structural change theory recognized the regional disparities and focuses on the mechanism by which underdeveloped economies will transform their domestic traditional agriculture sector into a more modern urbanized sector which is industrial and service oriented. Arthur Lewis has formulated this understanding into two sector model which is considered to be the general theory of the development process of a surplus labor economy. The main strand of argument of this theory is as follows. Any underdeveloped economy comprises with two sectors viz. traditional overpopulated rural subsistence sector mainly agriculture sector. The main characteristics of this sector are that it has zero marginal productivity. The other sector is the high productivity modern urban industrial sector. Under these circumstances, the surplus labor will get transferred from the traditional sector to the modern industrial sector. Output of modern sector will expand and the rate at which the output will expand depends upon rate of industrial investment and capital accumulation. Thus this model also prescribed how one economy will overcome the underdevelopment stage. Growth has been the centre focus along with the transferring surplus labor.

The international-dependence revolution began to get support during 1970s as both the stages and structural changes model was not adequate to explain the process of development. Essentially, international-dependence models views developing countries as beset by institutional, political and economic rigidities, both domestic and international, and caught up in a dependence and dominance relationship with rich countries [1] within this strands of thought there are three subdivisions. First one is the neo-colonial dependence model which shows that the existence of underdevelopment is due to the historical evolution of highly unequal international capitalist system. This theory endorses the idea of centre and periphery. The second one being the false paradigm model which attributes underdevelopment to faulty and inappropriate advice provided by well-meaning but often uninformed, biased and ethnocentric international ‘Expert’ advisers from developed-country assistance agencies and multidimensional donor organization [1]. The third one is the dualistic development thesis which is implicit in structural change theories and explicit in international-dependence theories. Around 1980s in the development discourse there were major changes in the thinking of development. The Neoclassical free market counter revolution started dominating the academia as well as the main policy paradigm. For the developing countries, the theory endorses free market with minimal intervention from Govt, dismantling of public ownership and Govt. regulation of economic activities. The main focus of their arguments is that underdevelopment results from poor resource allocation due to incorrect pricing policies and too much active govt. intervention. Hence to do away with underdevelopment and accelerate growth and efficiency in an economy the following steps must be taken. Those are promoting free markets, privatizing state owned
enterprises, promoting free trade and export expansion, welcoming investment from developed nations, eliminating govt. regulations along with price distortions in factor, product and financial markets [1]. In the present context, neoclassical counter revolution has been identified as the dominant strands of thought which gives shape to the development policy. Indian economy has witnessed Neoliberal economic reform. Though there are criticisms of Neoliberal policies. Neoliberal policies which promotes free market along with high growth but couldn’t assure improvement of other development indicators. More over in post reform scenario, it has been also observed that regional disparity has also widened [6,7] argued that huge deviations in the regional development along with contrasting nature of social development have given rise to extraordinary disparities in India [8,9] in a study on poverty observe that states have varying capabilities for poverty reduction due to multiple reasons. There is substantial variance in elasticity of the poverty index to non-farm output among the states in India. Higher level of education leads to better utilization of available resources and opens up opportunities to be exploited. It also observes that physical infrastructure apparently contributed to a larger extent in poverty reduction as it has been observed in case of Gujarat. Furthermore, it has been noted that disparities in quality of life across rural-urban regions and sectors is a major concern [10] on the other hand suggests that it is ultimately the investment-led development of infrastructure and economic growth which will lead to the reduction of poverty. Social factors such as education and health can play the role of value addition in the economy rather than the architect of economic development. The fundamental argument is that the effect of economic development largely depends on utilizing fruits of economic growth [6,7] says that government emphasis on education and health care determines public participation which is evident and easier for economies such as Kerala, but may not be possible in Gujarat, where social developmental activities are slow. Several policy instruments such as direct public investment and restructuring of institutions have been put in place for the first few decades after independence. These processes ensured that disparities were not getting further aggravated. Economic reforms and liberalization in the early 1980s and then full-scale reforms and restructuring in 1990s led to decrease in public investment [11-14]. Thus in Indian Context itself, in the post reform period, when there was high growth but that was coupled with high inequalities as well as high regional disparities. We began this study by emphasizing how growth used to be synonymous of development however the development of the theories further has shown that growth is important and necessary factor but not the sufficient one. One can conclude that growth is not the limit, to achieve development one should go beyond growth. Given this theoretical understanding along with the empirical evidences specifically for Indian economy, this study would like to compare both the states viz. Gujarat and West Bengal on several axes ranges from growth and other development parameters. Following sections will discuss the research questions, data sources and methodologies.

1.3. Data sources
This study has used various data sources. To analyze the growth of output, and poverty it has taken data from planning commission of India. The data on Unemployment rate has been taken from the report of Employment Unemployment survey from National Sample Survey Organization for 55th and 68th round. Apart from this, the data on various aspects of education has been taken from Ministry of Human Resource Development of the remaining; the health status data has been collected from Population Census and Family Welfare Statistics. Lastly to study the various aspects of Women and Development following data sources have been used viz. Planning Commission of India, Population Census and Labor Bureau report.

1.4. Growth or Development
The main focus of this study is to see how both the states perform in terms of growth and where growth can attributes to other social indicators. Thus in this section we first present the picture of growth. That will be followed by a comparative picture of Gujarat and West Bengal in the following axes viz. unemployment rate, poverty, Educational performance Health care status and women and development.
2. Growth

Figure 1 presents the Compound annual growth rates for Gujarat, West Bengal and India. It has been observed that growth rate for the state of Gujarat was higher than all India growth rate. The state was growing at 13.84% rate whereas all India growth was around 10.10%. It is very evident from the following figure that West Bengal grew at a slower pace. This state registered around 7.60% rate of growth. Thus one can infer that Gujarat was growing at a fastest rate than West Bengal.

![Figure 1. Comparison of NSDP growth rate](source: Author’s Calculation)

3. Poverty

From the above analysis it is evident that performance of Gujarat economy in terms of NSDP growth is better than West Bengal and India. However, growth is necessary but not sufficient. That is why; in this section we will compare the BPL of Gujarat and West Bengal. Figure 2 presents the percentage of BPL for West Bengal, Gujarat and all India. It reveals that in 2001, percentage of poor people in Gujarat was higher than West Bengal. West Bengal’s situation in terms of percentage of poor people was better. However, during this period, the poverty eradication has happened for Gujarat; whereas, West Bengal has witnessed increase in the BPL population percentage but still the proportion is higher in Gujarat.

![Figure 2. Comparison of BPL percentage](source: Planning Commission)
4. Unemployment rate

This section presents the unemployment rate for both the states as well as all India. Figure 3 shows that the unemployment rate is quite low in Gujarat. In 2001 the unemployment rate is 3 in rural Gujarat whereas the figure for rural West Bengal is 12 which were higher than national average. On the other hand the unemployment rate for urban Gujarat and West Bengal was lower than national average. Whereas, urban West Bengal’s unemployment rate is 30 which is clearly larger than national average.

After a decade in 2011 rural unemployment rate for Gujarat is 5 and urban unemployment rate is 9. But there was huge unemployment revealing West Bengal in that year. In 2011 the unemployment rate in rural West Bengal was 38 and the number for urban West Bengal was 59 which were higher than national average. In 2011 the unemployment rate in rural India was 17 and urban unemployment rate is 34. This indicates that growth in Gujarat slowed down unemployment; whereas, West Bengal’s growth can be categorized as jobless growth.

5. Healthcare status

The Constitution of India attributes ‘health’ to be the responsibility of the Respective state governments, rather than the Central Government (National Family Health Survey, 2008). It designates every state to be responsible for ‘raising the level of nutrition, standard of living and the development of public health as among its primary duties’. So far, the Indian states have not achieved the desired results; in other words, the situation is bleak. However, this paper is motivated to look at the comparison of health status for both the states. This has been done by looking at the following indicators namely: 1) Life expectancy, 2) Infant mortality rate.

1. Life expectancy at birth

In the Development Economics literature, the Life expectancy at birth is defined as follows: How long on an average a newborn is expected to live if current mortality rates continue to prevail? Life expectancy at birth reflects the overall mortality level of a population. It summarizes the mortality pattern that prevails across all age groups - children and adolescents, adults and the elderly this is a major health indicator as it reflects the expected livelihood of a new born. Figure 4 presents the data of life expectancy of these two states and all over India over the decade (2001-2011).
2. IMR (Infant Mortality Rate)

Infant mortality rate (IMR) is the number of death young children of less than one year of age per 1000 live births. This is a prime indicator of healthcare status of a particular region. This section depicts the comparison of Gujarat and West Bengal with respect to IMR.

Figure 5 shows that in 2001 IMR for both male and female was higher for Gujarat. But it came down drastically in 2011. However, if we look at the corresponding figures for West Bengal, we will observe that IMR for both male and female was lower than Gujarat and national average throughout the decade. This can be possible because it has been well documented that West Bengal able to cover nearly about 100% in case of critical health indicators such as immunization. In case of tetanus immunization for expectant mother, West Bengal has a better percentage than national average (78.14%). The figure for West Bengal is 89%. Gujarat is also good in this aspect, but compare to West Bengal it was lagging behind. The figure for Gujarat is 84.1%. In case DPT immunization the percentage achieved by the West Bengal was 97.5% which was higher than national average (89.5%). Compare with West Bengal, the figure for Gujarat is quite low. The figure for Gujarat is 84.5%. In the context of POLIO immunization both West Bengal and Gujarat is quite better than national average (89.30%). The Figure for West Bengal is 97.2% while the figure for Gujarat is 94.7%. This indicates that West Bengal fared well in terms of IMR too. Thus the comparative analysis on health axis reveals opposite trend of NSDP growth for West Bengal.
6. Educational performance

Like Healthcare status, Educational performance is another significant indicator to access the extent of development. Since this study is interested to delve into the growth vs. development approach, educational performance has been studied from the following axes. 1) Literacy rate, 2) Total enrolment in government schools and 3) Expenditure on education as ratio to the total expenditure.

1. Literacy rate

Table 1 shows that in 2001 literacy rate was 64.14% for Gujarat which rose to 79.3% in 2011. This is an improvement for the state. However, West Bengal in 2001 was ahead of Gujarat, as this state had 68.64% literacy rate. But in 2011, West Bengal has witnessed improvement from its earlier position but Gujarat has achieved relatively more in terms of literacy rate in 2011. One notable factor is that West Bengal has always been ahead than national average in the literacy rate.

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>64.14</td>
<td>79.3</td>
</tr>
<tr>
<td>West Bengal</td>
<td>68.64</td>
<td>77.1</td>
</tr>
<tr>
<td>India</td>
<td>64.84</td>
<td>74.04</td>
</tr>
</tbody>
</table>

Source: Ministry of Human Resource Development (MHRD) Report

2. Total enrolment in government schools

The data on total enrolment in Government Schools shows that West Bengal was ahead of Gujarat throughout the period. However, both the states were below all India average. Table 2 presents the data on total enrolment in government school for the states and all India.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gujarat</th>
<th>West Bengal</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1569393</td>
<td>2789928</td>
<td>323685</td>
</tr>
<tr>
<td>2011</td>
<td>5982181</td>
<td>13256933</td>
<td>248568502</td>
</tr>
<tr>
<td>CAGR</td>
<td>14.3</td>
<td>16.8</td>
<td>9.43</td>
</tr>
</tbody>
</table>

Source: MHRD (Ministry of Human Resource Development)

3. Expenditure on education as a ratio to aggregate expenditure

Expenditure on education is also been important instrument to measure the educational aspect of a state. There was a large disparity on the expenditure on education. Here in this section we try to compare the expenditure on education as a ratio to aggregate expenditure of this two very heterogeneous state (Gujarat & West Bengal) as well as whole India. The comparison shows more precisely in Table 3.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>12.7</td>
<td>16.1</td>
</tr>
<tr>
<td>West Bengal</td>
<td>15.2</td>
<td>19.4</td>
</tr>
<tr>
<td>India</td>
<td>14</td>
<td>16.6</td>
</tr>
</tbody>
</table>

Source: Author’s Calculation

7. HDI

Human Development Index (HDI) is a composite indicator of development. Table 4 presents the data of HDI for both the states for 2001 and 2011. In 2001, in terms of HDI Gujarat was ahead of West Bengal. However comparison with national trend shows that the value of HDI was lower than the national average for both the states. In this context one would like to refer the growth trend for Gujarat. From the above analysis we have witnessed that Gujarat grew at a fastest rate. But data on HDI reveals that Gujarat rank is below national average. This shows that there is a divergence between the growth rates and the HDI rank. High growth of the state could not fetch high rank in terms of HDI. Next period exhibits different trend. Level of HDI for West Bengal was higher than the level of HDI for Gujarat. This refers to the fact that West Bengal has witnessed relatively more improvement in its HDI than Gujarat. However one need to keep in minds that in terms of growth rates...
and level of NSDP Gujarat was always ahead of West Bengal and national average. This improvement of West Bengal in terms of its HDI reveals the fact of more equalizing growth than Gujarat.

<table>
<thead>
<tr>
<th>State</th>
<th>Gujarat</th>
<th>West Bengal</th>
<th>All India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>0.390</td>
<td>0.371</td>
<td>0.496</td>
</tr>
<tr>
<td>2011</td>
<td>0.477</td>
<td>0.483</td>
<td>0.671</td>
</tr>
</tbody>
</table>

Source: Human development report

8. Women & development

Development scholars have identified those women playing a central role in the discourse of development. It has been observed that globally women tend to be poorer than men. They are also deprived in health care, education; all forms of aspects which contribute to development. However Women are majorly responsible for child rearing. In this due process women are expected to bring more resources to allocate for health and education of their children which in turn will help the children to witness intergenerational mobility. Thus any development analysis should take into account the condition of women. This present study also take care those aspects by looking at 1) Female literacy rate, 2) Sex ratio, 3) Child Sex Ratio, 4) Women Workforce Participation.

1. Female literacy rate

In terms of female literacy Rate West Bengal was always ahead of Gujarat. In fact female literacy rate of West Bengal was higher than all India throughout the decade. This indicates that condition of female education was better in West Bengal. However both the states have witnessed drastic improvement in 2011, Gujarat has witnessed relatively more improvement. Nevertheless West Bengal was ahead of Gujarat throughout the decade (Table 5).

<table>
<thead>
<tr>
<th>Year</th>
<th>Gujarat</th>
<th>West Bengal</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>58.6%</td>
<td>60.22%</td>
<td>54.28</td>
</tr>
<tr>
<td>2011</td>
<td>70.3%</td>
<td>71.16%</td>
<td>65.46%</td>
</tr>
</tbody>
</table>

Sources: Planning commission

2. Sex ratio

Sex ratio implies the number of female for 1000 male. This is an indicator which reflects the gender disparity of a particular economy or society. Figure 6 shows that in 2001 sex ratio for West Bengal are 934 which are higher than national average and slightly higher than Gujarat. In 2011 the sex ratio of West Bengal increases to 950 whereas the Sex ratio for Gujarat has also risen but not more than West Bengal. For both the years both the states have Sex ratio which is higher than national average.

Source: Population census
3. **Child sex ratio**

Another indicator of gender disparity is child sex ratio. It indicates a low female population in a particular arena. Let consider the decadal change in child sex ratio for these two states as Table 6 presents. The child sex ratio for Gujarat is quite lower than West Bengal and national average. In the year 2001 child sex ratio for Gujarat was 883 while the figure for West Bengal was 960. In 2011 the child sex ratio of Gujarat was 890 and the figure for west Bengal was 950. In 2001 the child sex ratio for India was 921. The figure for India in 2011 was 913. It has been noted that the child sex ratio of Gujarat increase in 2011, while the figure of India and West Bengal declined. It will indicate the gender disparity in Gujarat as the number of new born female child diminishes it indicate a lower female population.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gujarat</th>
<th>West Bengal</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>883</td>
<td>960</td>
<td>921</td>
</tr>
<tr>
<td>2011</td>
<td>890</td>
<td>950</td>
<td>913</td>
</tr>
</tbody>
</table>

Source: Population Census

4. **Female workforce participation**

Work force participation is also an important indicator. This section presents the data on work force participation for both the states.

Figure 7 shows that the women workforce participation rate is always higher for Gujarat than West Bengal and all India. In 2001 the female workforce participation rate was 27.9% which came down to 23.4% in 2011 for Gujarat. However West Bengal is exhibiting stagnant trend. In 2001 work force participation rate was 18.3% which witnessed very insignificant decline in 2011. West Bengal was always below all India level.

9. **Conclusion**

This work was motivated by the basic idea of whether growth is an end itself or one should go beyond growth. This has been done by looking at several parameters of both the states viz. Gujarat and West Bengal. As noted earlier, these states have different socio-political history. However, after a careful analysis this study has found Gujarat is always ahead of West Bengal in terms of growth. In terms of poverty reduction and unemployment rate also Gujarat has exhibited improvement over the last decade. However once we moved into the educational status and health status, we get exactly the opposite trend. In all the aspects of education and health, West Bengal was ahead of Gujarat for the last decade. Human development index also shows that West Bengal is ahead of Gujarat. Last but not the least the discussion on women and development revealed further that even if Gujarat was ahead of West Bengal in terms of growth of output but that didn’t result into women development. Thus this analysis answers the fundamental question whether growth is everything to achieve betterment of human lives in any economy. In the beginning of this study we discussed about how the definition of development has widened in the later period. However the comparative analysis of Gujarat and West Bengal once again emphasize on the following argument i.e. Growth is not an end in itself. Development should be seen...
in terms of other aspects too. However that doesn't deny the importance of growth. These comparative analyses suggest that as Govt. is taking policies to promote growth. In the similar fashion, Govt. needs to put emphasis to redistribute the fruits of growth among the masses. Specifically for an economy health and education are key sectors because better health and education means better quality and able-bodied workforce. This inturn will help to increase productivity in an economy. Thus Govt. should put much more attention to strengthen these sectors as these sectors are building block of any economy. So this present study clearly shows that in case of Gujarat, this state has higher growth in the last decade in spite of that the educational performance, health status, HDI, and women's condition didn’t improve like West Bengal. This is evident that growth alone can’t get transformed into better performance of other development indicators. Hence, Govt. intervention is required for these sectors. Some of the policy prescriptions could include giving basic health care and education to the citizens at a very minimal cost. This policy measure will have an impact on the improvement in the human development index too. Another important aspect which this study has taken up is that women development. As development literature has recognized the need of development for women, policy paradigm should also include women development separately. On the other hand, in case of West Bengal some policy which ensures growth is needed. It would be helpful for the state if it can attract investment to achieve good growth. Thus this study finally strengthens the idea that growth has its own limitation. Even if any economy witnessed good growth, to achieve improvement in other social indicators active policies are needed.

10. References