



Management

**THE RURAL-URBAN GAP AND THE POLICY RESPONSE:  
A STUDY OF POST-INDEPENDENCE INDIA**



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**ABSTRACT**

*The rural-urban gap in development attainment has attracted the attention of many economists. Lewis, Fei-Ranis, and Harish-Todaro models focus on the rural-urban dualism in underdeveloped economies and proceed to illustrate how the economies get transformed in the process of development. When India attained independence in 1947, it was a predominantly rural, agricultural and colonially exploited poor country. During the last seven decades of development effort the country have achieved many heights and got slowly but steadily urbanized. In an attempt to bridge the rural urban gaps in development attainment, Government's rural development policies got continuously evolved during this period. The present paper traces the changing phased of policy of rural development in Independent India and examines the outcomes of these policies in terms of the trends in the rural-urban disparities in some key development indicators. The study shows a distinct sign of reduction in the disparity over the years.*

**Keywords:**

*Rural-Urban disparity, development, policy, India.*

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**1. INTRODUCTION**

Disparity is divergence or inequality of character, phenomena or process. Disparity has also been defined as the condition of being unequal. Developmental disparities may manifest across income categories, social categories such as race, caste, religion and gender, and/or space such as continent, countries and region within countries. Disparities of any type has the potential of fomenting discontentment, which can get mobilized into disruptive forces, endangering peace and order in the society and the development process itself, Hence developmental disparities had attracted the attention of social-scientist & policy makers, globally and within countries.

Development is universally desired, but often defies a clear unambiguous definition. In economics, the term “development” is broadly understood as a process of persistent improvement in the standard of living for all sections of population in the society. Todaro (1977) defined the definition of economic development in terms of better human life. The main goal of economic development is the improvement in the standard of living of the people which depends not only on per capita income but also on social and welfare services, satisfaction, self-reliance, self-esteem and economic freedom. However all sections of population often cannot access of fruits of economic growth underlying a development process in an equitable manner. Both differences in the beginning and differential rate of access to fruits of development may result in continuation & exacerbation in the levels of living of different people resulting in manifestation & magnification of economic disparity.

The conventional measure of development & disparity are often based on same set of parameters. For instance development measures are often based on per capita income (PCI), attainment of health & education, extend of access to basic services such as connectivity, power, clean environment etc. In the same vein, shortfalls in the same set of indicators can be & often are used to capture developmental disparities.

Disparity is divided into four types- global disparity, interstate disparity, intrastate disparity and rural-urban disparity. The main goal of the present paper is attempt to examine the rural-urban disparity – its trends and policy responses in independence India.

The paper is organized into five sections. Apart from this introduction, section 2 deals with the review of theoretical background on rural-urban disparity, section 3 discusses development policy regime in independent India, section. An analysis of rural-urban developmental disparities in the post-independence period has been presented in section 4The final section sums up the broad conclusion of the study.

## 2. CONCEPTUAL AND THEORETICAL BACKGROUND

In India an urban unit or town is defined (according to the census of India 2011) as follows-

- i. All places with a municipality, corporation, cantonment board or notified town area committee, etc.(known as Statutory Town)
- ii. All other places which satisfied the following criteria (known as Census Town):
  - A minimum population of 5,000;
  - At least 75 per cent of the male main workers engaged in non-agricultural pursuits; and
  - A density of population of at least 400 per sq. km.

According to census of India 2011, all areas which are not categorized as urban area are considered as rural area. The National Sample Survey office (NSSO) defines ‘rural’ as follows:

- i. An area with a density of population of up to 400 per sq. km,
- ii. Villages with clear surveyed boundaries but no municipal board,
- iii. At least 75 per cent of male working population involved in agriculture and allied activities.

Rural areas are considered backward areas in terms of availability of basic infrastructure - roads, electricity, water and sanitation facilities, schools and hospitals, etc. In contrast, these facilities are mostly available in urban areas. It is because of the absence of such facilities that rural areas lag behind urban areas in terms of the basic indicators of development - poverty, illiteracy, unemployment, etc.,.

Harris-Todaro (1970) was focused on the process through which rural labor would migrate to urban areas in response to wage differentials. Lewis (1954) addressed the issue of shifting incentives for employment between rural agriculture and urban industry. Lewis(1954) notion of the existence of modern and traditional methods of production in urban and rural sectors, the coexistence of wealthy, highly educated elites with masses of illiterate poor people; and the dependence notion of the co-existence of powerful and wealthy industrialized nations with weak peasant societies in the international economy.

The link between inequality and average well-being for two sector economy is known as Kuznets hypothesis (1955, 1963) which maintains that given a two-sector economy with not too distinct degrees of sectoral mean incomes, a perennial shift of population from one sector to another will initially raise aggregate inequality and it will decrease at later stage. This formulation has been labeled as the “Inverted U” hypothesis or Kuznets cycle (Branlke, 1983).

The neo-classical pro-convergence view is bolstered by Samuelson (1948) by bringing in the role of factor mobility and trade, the movement of labor from low-wage regions to high wage regions should narrow wage differences by reducing labor supply in the depressed regions and increasing labor supply in more prosperous regions. Likewise the movement of labor from high unemployment regions to low unemployment regions should narrow unemployment differences. The migration of capital should have the same equilibrating tendency, moving to, or locating in, regions where wage rates are low and the rate of profit high, assuming an inverse relation between the wage rate and the profit rate. Trade between regions is a substitute for migration and will lead to factor price equalization.

Myrdal (1957) provides the counter argument, in the form of his cumulative causation hypothesis. He argues that due to industrialization and gain in productivity, rich regions benefit more. He does not deny that growth spreads to poor regions through access to larger markets and trade opportunities. However, he insist that gains are offset by stronger backwash effects generated by deteriorating terms of trade resulting from high productivity gains in industrialization in rich regions. Therefore, the theory predicts divergence in regional incomes.

Raj (1990) finds that the disparities in the level of income across rural and urban sectors in India tend to persist because of slow growth of per capita income in the rural sector. The study covered the period between 1950-51 and 1986-87.

### **3. DEVELOPMENT POLICY REGIME IN INDEPENDENT INDIA**

Several developmental policies has been taken by the planning commission since its first five year plan for developing the rural and urban India as well as for reducing their disparity. The

main developmental policy taken by the planning commission during its different plan period is discussed below-

### **The Earlier Phase (1951 to 1979)**

The era of economic planning ushered in 1951. The period for the first five year plan was 1951-56; the plan accorded the highest priority to agriculture including irrigation and power projects. The launching of the Community Development Programme in 1952 was a land mark in the history of India which ushered in an era of development with the participation of the people. It adopted a systematic integrated approach to rural development with a hierarchy of village level workers and block level workers drawn from various fields to enrich rural life. 5000 National Extension Service (NES) Blocks were created under the Community Development Programme by the end of Second Five Year Plan. The second five year plan gave the highest priority on rapid industrialization with a focus on heavy industries and capital goods. So that employment opportunities were generated in the urban areas and people migrate from rural to urban areas so that disparity can be reduced through the rapid development of the public sector. The Third plan specifically incorporated the development of agriculture as one of the objectives of planning in India besides for the first time considering the aim of balanced, regional development. The Third Five Year Plan was a turning point in India's history of urban development and planning. It recognized the importance of cities and towns in balanced regional development. During the Third Five Year Plan, the momentum was maintained through a series of development schemes. This was succeeded by the Small Farmers Development Agencies (SFDA) followed by Marginal Farmers Development Agencies (MFDA), Food for Works Programmes (FWP), Drought Prone Areas Programme and Desert Development Programme in the early 70s. Panchayati Raj for decentralized administration was evolved by the Balwantray Mehta Committee in 1957.

The fourth plan (1969-74) was emphasized on growth with stability and progress towards self-reliance. The fourth plan laid stress not only on various programmes for raising the agricultural output, but also on creating buffer stocks of food grains. One of the special features of Fourth Plan was that metropolitan cities and cities of national importance got special financial commitment which continued in Fifth Five Year Plan (1974-79) as well. It made allocation for Kolkata, Mumbai and Chennai especially under integrated urban development programme and some more cities of national importance. The fifth plan (1974-79) has its focus on poverty alleviation and self-reliance. The popular rhetoric of poverty alleviation was sensationalized by the government to the extent of launching a fresh plan- the Twenty-point Programme (1975). Minimum Need Programme was also introduced in 5<sup>th</sup> Five Year Plan.

### **The Decade of 1980s**

This was the period of sixth and seventh plans. The sixth plan was launched with the slogan of 'Garibi Hatao'. Some of the major issues addressed by the plan were- emphasis on socioeconomic infrastructure in the rural areas; eliminating rural poverty and reducing regional disparities through the IRDP; 'target group' approach initiated; a number of national level programmes and schemes were launched during the plan which tried to attend to the specific area and the specific concerns of socioeconomic development. Various programmes were taken during this plan for development, removing poverty, and inequality. They were- National Rural Employment Programme (1980), Restructured Twenty-Point Programme (1982), Biogas Programme (1982), Development of Women and Children in Rural Areas (1983), Rural Landless

Employment Guarantee Programme (1983), Self-Employment to educated Unemployed Youth Programme (1983), Dairy Development Programme (1983), Village and Small Industries Development Programme (1983), Tribal Development Agency (1983), National Seeds Programme (1983), Intensive pulses Development Programme (1983), Intensive cotton Development Programme (1983), Khadi and Village Industries Programme (1983), Programme for Depressed Areas (1983), Special programme for Women and Children (1983).

The seventh plan (1985-90) emphasized on rapid food grain production, increased employment creation and productivity in general. The Jawahar Rojgar Yojana (JRY) was launched in the year 1989 with the motive to create wage employment for the rural poor. Some of the already existing programmes such as the IRDP, CADP, DPAP and the DDP were re-oriented. The Indira Awas Yojna (IAY) was added as a component of the programme in the Seventh Plan for constructing houses to BPL rural households belonging to SC/ST and freed bonded laborers, non SC/ST rural households, widows and physically handicapped persons living in the rural areas.

### **The Latter phase: 1991 to 2015**

The Eight Plan was launched in a typically new economic environment. The economic reforms were already started in July, 1991 with the intimation of the structural adjustment and macro-stabilization policies. In order to liberalize the economy and to bring transparency in the policy, the New Industrial Policy, 1991 has abolished the system of industrial licensing for all industrial undertaking, irrespective of the level of investment, except for a short list of 18 industries related to security and strategic concern, social reasons, hazardous chemicals and over-riding environmental concerns and items of elitist consumption. During Eighth Plan, the Mega City Scheme was introduced in 1993-94. Covering the five mega cities of Mumbai, Kolkata, Chennai, Bangalore and Hyderabad, also the IDSMT Scheme was revamped to dovetail its activities of infrastructure development programmes for boosting employment generation for diverting migration from the big cities to the small and medium towns. The role of the small and medium towns was envisaged as developing growth centers for the betterment of rural hinterland.

The focus of the Ninth Plan (1997-2002) was “Growth with Social Justice and Equality”. It assigned priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty. It ensured food and nutritional security for all, particularly for the weaker sections of the society. There was an emphasis on the seven identified Basic Minimum Services (BMS) with additional Central Assistance for these services with a view of obtaining complete coverage of the population in a time bound manner. The BMS included: safe drinking water, primary health service, universalisation of primary education, public housing assistance to the shelter-less poor families, nutritional support to children, connectivity of all villages and habitations; and streamlining of the PDS. Most of the programmes undertaken in the Eighth Plan continued in Ninth Plan (1997-02). Earlier programmes like NRY, UBSP and PMIUPEP were merged to form a new programme ‘Swarna Jayanti Shahri Rozgar Yojna (SJSRY)’ On 1<sup>st</sup> December, 1997. Integrated Rural Development Program (IRDP) and allied programs such as Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA) and Million Wells Scheme (MWS) have been restructured into a single-employment program “ Swarnajayanti Gram Swarozgar Yojna (SGSY)” on April, 1999 with following objectives :-

- i. Introducing focused approach to poverty alleviation.

- ii. Capitalizing advantages of group lending and
- iii. Overcoming the problems associated with multiplicity of programs.

The SGSY is conceived as a holistic program of micro enterprises covering all aspects of self-employment which includes organizing rural poor into Self Help Groups (SHGs). It integrates various agencies – District Rural Development Agencies, banks, line departments, Panchayati Raj Institutions, NGOs and other semi-govt. organizations. This Program is basically a self-employment program. Another programme taken during this plan period for the development of rural-India is PradhanMantri Gram SadakYojna (PMGSY), launched on 25<sup>th</sup> December, 2000. It provides road connectivity in rural areas of the country. The program aims to sustainable and inclusive growth of rural India through all-weather road access to eligible habitations. The program has successfully worked for rural development by increased availability local transport resulting to better health and educational facilities, enhancing employment opportunity and better marketing facilities.

The Tenth Plan (2002-07) aimed at achieving doubling per capita income in ten years; Accepting that the higher growth rates are not the only objective- it should be translated into improving the quality of life of the people. The Tenth Five Year Plan recognized the fact that urbanization played a key role in accelerating economic growth in 1980s and 1990s as a result of economic liberalization. In order to revitalize the urban development strategies, the central govt. launched a major initiative named as Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in December 2005 to give a focused attention to integrated development of urban infrastructure and services initially in select 63 mission cities. During tenth plan a major initiative has been taken by the government for quality health facilities for rural household is National Rural Health Mission (NRHM) was launched on 12<sup>th</sup> April, 2005. It is an initiative undertaken by the govt. of India to address the health needs of the poorest households in the remotest rural regions. The NRHM was initially tasked with addressing the health needs of 18 states that had been identified as having weak public health indicators. One of the major development programme for rural-India initiated during 10<sup>th</sup> five year plan is Bharat Nirman, launched on 16<sup>th</sup> December, 2005 and the main objective of this programme is the development of rural infrastructure including six components: irrigation, water supply, housing, roads, telephone and electricity.

The Eleventh Five Year Plan (2007-12) targets a growth rate of 10 per cent and emphasizes the idea of ‘inclusive growth’. The major thrust of the Plan will be on social sector, including agriculture and rural development. Important targets include reducing poverty by 10 percentage points, generating 7 crore new employment and ensuring electricity connection to all villages. The major development programmes taken during this plan period were MGNREGA, NRLM-Aajeevika, RAY, and PMEGP. The National Rural Employment Guarantee Act was grant in 2005 and launched in June, 2006. It was later renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an India labor law and social security measure in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. Starting from 200 districts of 2<sup>nd</sup> February, 2006, the NGREGA covered all the districts of India from 1<sup>st</sup> April, 2008. In its World Development Report 2014, the World Bank termed it a “Stellar example of Rural Development”. Another aim of MGNREGA is to create durable assets (such as roads, canals, ponds, wells,). It has been contributing to livelihood security, financial inclusion,

inclusive growth, women's empowerment, natural resources regeneration and sustainable development. The SGSY has been restructured as National Rural Livelihood Mission (NRLM) now renamed as "Aajeevika" in order to implement it in a mission mode in a phased manner for targeted and time bound delivery of results. The of NRLM is to reduced poverty by enabling the poor households to access gainful employment and skilled wage employment opportunities resulting in appreciable improvement in their livelihoods on a sustainable basis through building strong and sustainable grassroots institutions of the poor.

Every family residing in the rural areas should out of object poverty and enjoy a decent quality of life is the main goal of NRLM. The main components of NRLM are universal social mobilization through formation of SHGs form strong people's institutions, universal inclusion furthered through linkage with SHGs, banks for securing credit, capacity building and training, provision of revolving fund and ensuring monitoring, evolution and transparency. NRLM would be uniformly extended to all States and Union Territories except Delhi and Chandigarh. Rajeev AwasYojana (RAY) was launched on 2<sup>nd</sup> June, 2011 for redeveloping the slums of the cities. Urban planning has to be done by the urban local bodies which comprise municipal corporations, municipalities & nagar panchayats commonly known as the ULBs supported by the state govt.

The main vision of the 12<sup>th</sup> five year plan is 'faster, sustainable and more inclusive growth.' The main developmental programme taken during the period 2012-15 are DDU-GKY, NULM, and smart city project. Deen Dayal Upadhyaya Grameen Koushalya Yojana (DDU-GKY) is a placement linked skill development scheme for rural poor youth. This initiative is a part of NRLM. In order to address the urban poverty alleviation in a mission mode approach, the National Urban Livelihoods Mission (NULM) has launched in the 12<sup>th</sup> plan period which replaces the existing SJSRY. The Mission would aim at creating opportunities for skill development leading to market based employment and helping the urban poor to setup self-employment ventures by ensuring easy access to credit, providing shelter equipped with essential services to the urban homeless in a phased manner and would also concerns of the urban street vendors. The Twelfth Five Year Plan (2012-17) proposed a consolidated the JNNURM and envisaged its wider role in urban reforms. The JNNURM during the 12<sup>th</sup> Plan has following components:-

- i. Urban infrastructure and Governance (UIG).
- ii. Rajiv AwasYojna (RAY).
- iii. Slum Rehabilitation in cities not covered under RAY.
- iv. Capacity building.

One of the ingredients in the new central governments development model is the idea of Smart Cities. In the budget presented on July 10, 2014, the Union Finance Minister made a budgetary allocation of Rs. 7060 cr. for 100 Smart Cities. The notion of smart cities is a process rather than a goal. A smart city would be e- governed, aim for continuous improvements in design & management, plan for climate oriented development and mass transit oriented development ride on benefits of automation and develop applications for its residents.

**Table 1:** Major ongoing programmes for rural and urban development in India

<b>Sector</b>	<b>Programme</b>
Poverty Alleviation & Employment Generation Programme	MGNREGA National Rural Livelihood Mission (NRLM) - Aajeevika National Urban Livelihoods Mission (NULM)
Rural Infrastructure & Development Programmes	Rural Housing- Indira AwasYojana PradhanMantri Gram SadakYojna (PMGSY) National Rural Drinking Water Programme Rural Sanitation: Nirmal Bharat Abhiyan Backward Regions Grant Fund
Urban Infrastructure Programmes	Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Rajeev Awas Yojana
Education & Skill Development Programmes	Sarva Shiksha Abhiyan Mid Day Meal Scheme Rashtriya Madhyamik Shiksha Abhiyan Model School Scheme Pradhan Mantri Koushal Vikas Yojana
Health Programmes	National Health Mission (NHM) AYUSH Pradhan Mantri Swasthya Suraksha Yojana Women & Child Development Programmes.

#### 4. TREND RURAL-URBAN DISPARITY IN DEVELOPMENT IN INDIA

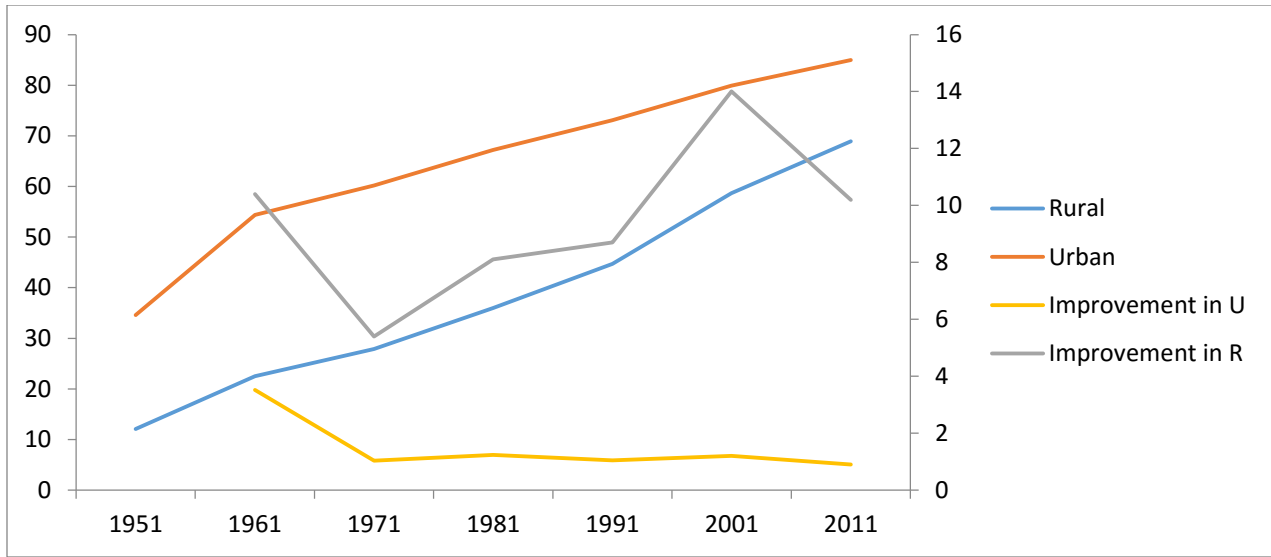
From the above section we show that there are various theories supporting convergence on the various indicators of rural-urban disparity, also various developmental programmes has been taken in India since independence for reducing rural-urban disparity. Now we check the trends of rural-urban disparity, using basic indicators of development/disparity - poverty, literacy, infant mortality rate and access to safe drinking water by using secondary data. The data sources are-various Census reports of India, India Planning Commission, CSO,& NSSO data and RBI website.

**Table 2:** Rural-Urban Literacy Rates in India (1951-2011)

<b>Year</b>	<b>Rural</b>	<b>Improvement</b>	<b>Urban</b>	<b>Improvement</b>	<b>Difference (Urban- Rural)</b>
1951	12.1		34.59		22.49
1961	22.5	10.4	54.4	19.81	31.9
1971	27.9	5.4	60.2	5.8	32.3
1981	36.0	8.1	67.2	7	31.2
1991	44.7	8.7	73.1	5.9	28.4
2001	58.7	14.0	79.9	6.8	21.2
2011	68.9	10.2	85.0	5.1	16.1

Source: Census of India, Office of Registrar General, India.



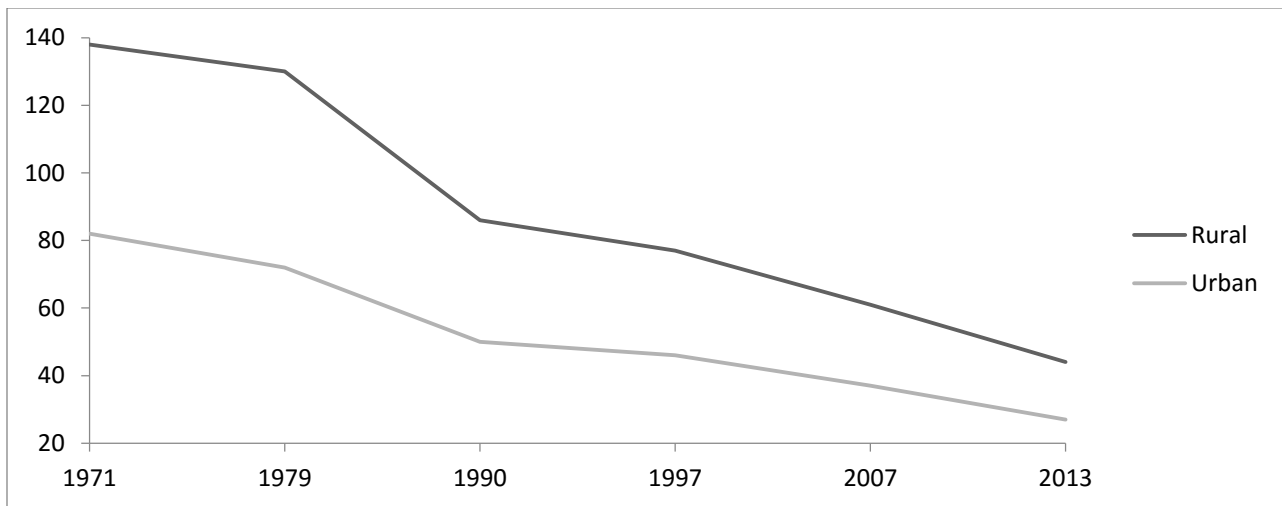


**Figure 1:** Literacy Rate in Rural and Urban India, 1951-2011

**Table 3:** Rural-Urban Infant Mortality Rates (per thousand live births) in India (1971-2011)

Year	Rural	Urban	Difference (Urban-Rural)
1971	138	82	-56
1979	130	72	-58
1990	86	50	-36
1997	77	46	-31
2007	61	37	-24
2013	44	27	-17

Source: SRS, O/O the Registrar General, India

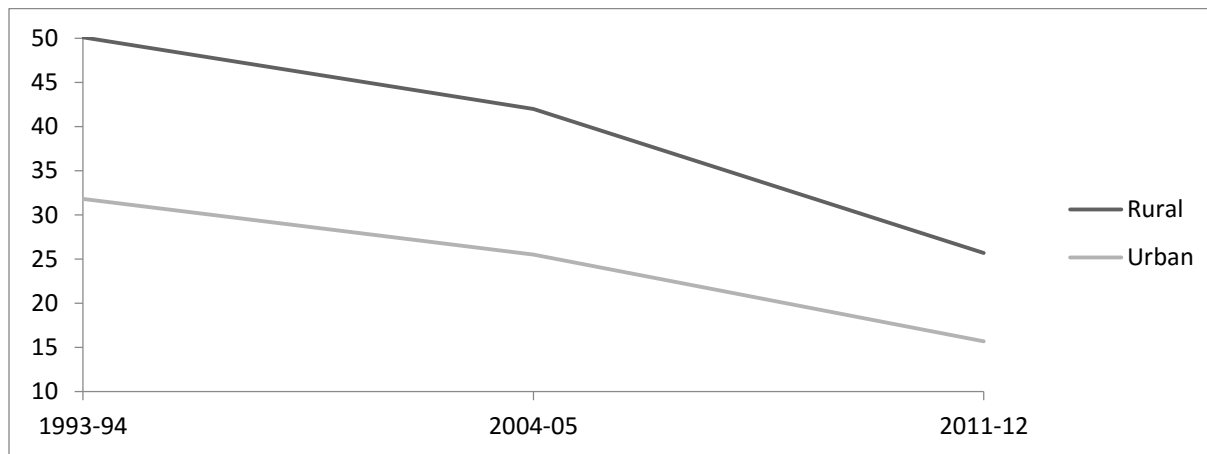


**Figure 2:** Infant Mortality Rate in Rural and Urban India, 1971-2013

**Table 4:** Percentage of Population below Poverty Line in India (Tendulkar Methodology) (Rural-Urban) (1993-2012)

Year	Rural	Urban	Difference (Urban-Rural)
1993-94	50.1	31.8	-18.3
2004-05	42.0	25.5	-16.5
2011-12	25.7	15.7	-10

Source: Planning Commission, India.

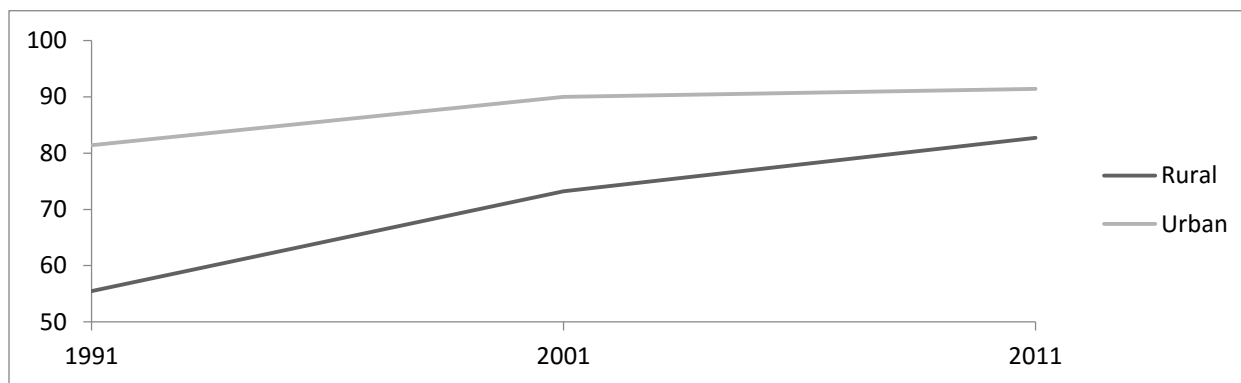


**Figure 3:** Percentage of Population BPL in Rural and Urban India, 1993-2012 (Rural- Urban)

**Table 5:** Access to Safe Drinking Water in Households in India (Rural-Urban) (1991-2011)

Year	Rural	Urban	Difference (Urban – Rural)
1991	55.5	81.4	25.9
2001	73.2	90	16.8
2011	82.7	91.4	8.7

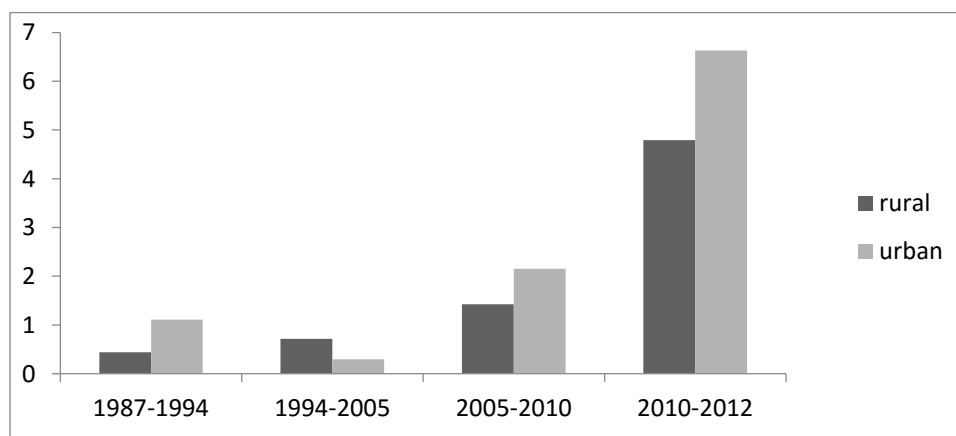
Source: O/O the Registrar General of India, Ministry of Home Affairs.



**Figure 4:** Access to Safe Drinking Water in Households in India (Rural-Urban) (1991-2011)

**Table 6:** Quintile Expenditure at Current and Constant (1983–84) Prices (Rs)

year	Rural			Urban		
	At current price	at1983 price	Ratio to mean	At current price	At 1983 price	Ratio to mean
1983	47.56	47.56	0.43	64.48	64.48	0.40
1987–88	73.11	60.42	0.46	97.88	79.58	0.40
1993–94	134.99	63.08	0.48	183.67	86.23	0.40
2004–05	262.59	70.21	0.47	382.50	89.16	0.36
2009–10	436.43	77.34	0.47	621.57	99.93	0.35
2011–12	584.19	86.92	0.46	842.13	113.19	0.3

**Figure 5:** Annual improvement of per capita monthly expenditure of the bottom expenditure quintile at 1983 prices

Source: Subramanian, Jayaraj: 'The Quintile Income Statistic, Money-metric Poverty, and Desequalising growth in India: 1983 to 2011-12' EPW, January 30, 2016 VOL LI NO 5

From above table and figure we have covered aspects like literacy, infant mortality rate, poverty and access to safe drinking water. We find that literacy rate was only 12.1% in rural India in 1951 and 34.59% in urban India. Improvement rate was highest in the urban areas in the first decade of independence (1951-61) and it was 19.81% in urban areas and 10.4% in rural areas respectively. And Improvement rate was lowest in the 1960s decade (1961-1) and it was only 5.4% and 5.8% in rural and urban areas respectively. In the 2000s decade (1991-2001) improvement rate was highest in the rural areas and it was 14.0%; and 6.8% in urban areas respectively. And difference between rural and urban literacy rate have a decreasing trend and the literacy rate was 68.9% in rural India and 85.0% in urban India in 2011 i.e. the difference of 32.3% in 1971, reduced to 16.1% in 2011.

From figure 2 we found that Infant Mortality Rate (IMR) has a decreasing trend since 1971. And it reduced from 138 per thousand live births in 1971 to 44 per thousand live births in 2013 in rural areas. In case of urban areas it was 82 per thousand live births in 1971 and 27 per thousand live births in 2013. Percentage of population below poverty line also reduced from 50.1% in 1993-94 to 25.7% in 2011-12 in rural areas. In urban areas it was 31.8% in 1993-94 and 15.7% in 2011-12.

Table 5 presents the rural urban households gap on Access to Safe Drinking Water, which was 25.9 percentage points in 1991, has come down to 8.7 percentage points in 2011.

## 5. CONCLUSION

In the present paper, we have examined trends and policy responses in rural-urban disparity in India by considering output indicators- literacy rate, infant mortality rate and poverty; and input indicator- access to safe drinking water in households in India. We found from data that the rural urban gap on the selected indicators has come down. Our findings here point to a very clear policy prescription. Since 1980s there has been a conscious and substantial effort to create enabling circumstances and provide inputs to reduce disparity in several different aspects of developmental inputs like roads in rural areas, education, health labor force participation and special poverty alleviation programme. Rural-urban gap in these indicators showing a decline over time does signify some resolve of policy makers and seriousness of implementation of the plans.

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