

## VIDARBHA: REGIONAL IMBALANCE & CREATION OF A NEW STATE

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### ABSTRACT

With the formation of Telangana in May 2014, the demand for creation of smaller states has once again taken central stage. Moreover, Telangana since its formation in 2014 has accelerated its pace of development significantly and its contribution to GDP has also increased in percentage terms. On the other hand, per capita income of Vidarbha is only 1/4<sup>th</sup> as compared to Maharashtra. This article critically examines, whether Telangana experience of a new small state has been useful or not and also whether there is merit in creation of the small new state of Vidarbha.

**Key Words:** *Vidarbha, GSDP, per capita income, socio-economic*

### 1.0. INTRODUCTION

Vidarbha consists of 11 districts of east Maharashtra; 97 lakh hectare land & 2-3 Cr. Population, divisions of Amravati & Nagpur. The per capita income is about Rs. 65,368, much lower, almost 1/4<sup>th</sup> the per capita income of Maharashtra. Except Nagpur, all other 10 districts of Vidarbha are underdeveloped when compared to rest of Maharashtra. Vidarbha is equal to Haryana & Punjab in area and population.

### 2.0. Vidarbha Historically:

The name of Vidarbha for the first time appeared in Mahabharat. However 100 years ago, central provincial legislature created the state of "Mahavidarbha" in Oct 1938 at Nagpur. GOI setup SRC (state reorganization commission) in Dec 1953. Mr. Biyani & Mr. M.S. Aney took up the cause of Vidarbha and submitted a paper at SRC for creation of separate Vidarbha. The chairman Fazal Ali supported the creation of Vidarbha & recommended its formation. However, it was not agreed by GOI to create a separate state of Vidarbha & it was merged with Maharashtra in 1960.

### 3.0. Telangana a Success story of growth.

The wishes of the people of Telangana to have a separate state were fulfilled in June, 2014, after 60 years of agitation & struggle. The past history, would have not allowed future economic growth at a faster pace. 9 districts of Telangana out of 10 districts were Backward, the agriculture sector in the state was in bad shape with higher farmer suicides poor irrigation system, power shortages, and also districts had low revenue potential.

Telangana's achievement in terms of the Gross State Domestic Product (GSDP), which measures the value of all final goods and services produced within state in a year, has been remarkable. In the two years before state formation, Telangana average rate of growth of GSDP was, at 12.1%, was 1.3% less than India's average.

**Table1: GSDP growth before formation of state at Current Prices**

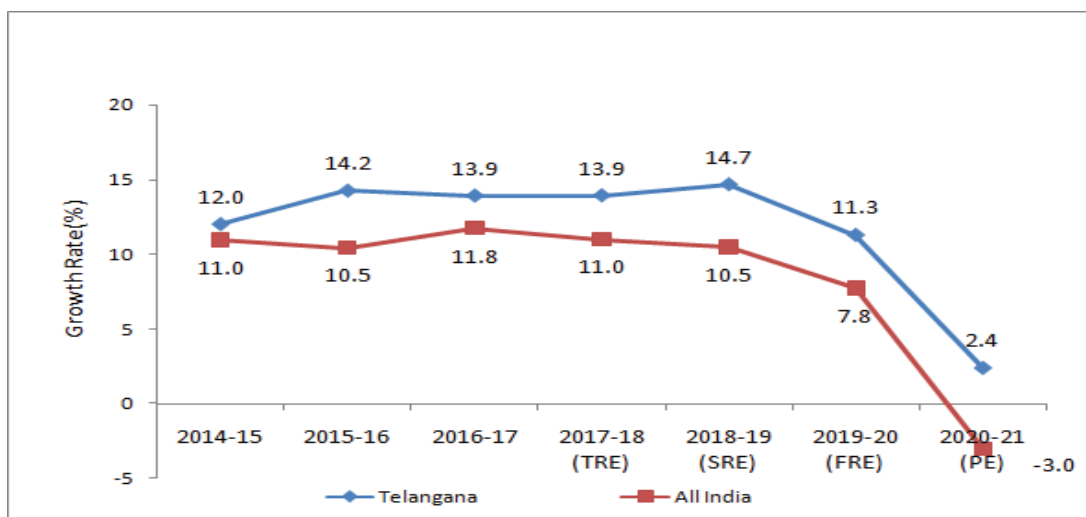
Sl.No.	Sector	2012-13	2013-14	Average Annual Growth Rate
1	GSDP (%) - Telangana	11.7	12.4	12.1
2	GDP (%) - India	13.8	13.0	13.4
Difference between Telangana & India				(-) 1.3

SOURCE: - State Economic Survey Telangana.

**4.0. Growth after formation of the State**

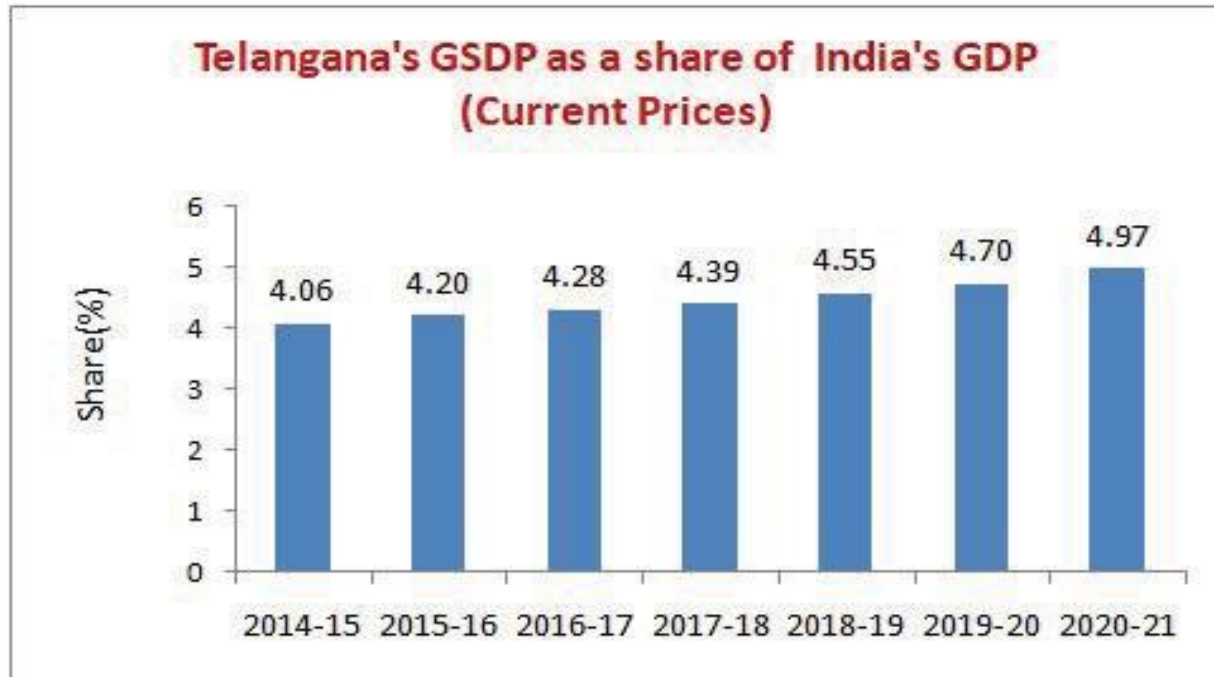
After state formation, Telangana’s GSDP growth rate has been higher. India as a whole, and the gap has widened with each year. In the year of state formation itself, Telangana achieved a 1% higher growth rate of GSDP (current prices) than India’s. On an average, Telangana has grown at 3.7% higher rate than India in the period after 2014-15.

**Figure1: Growth Rate (%) of GSDP/GDP for Telangana and India at Current Prices**



With this outstanding preformation, the share in GSDP of Telangana, in GDP in India has increased from 4.06% in 2014-15 to 4.97% in 2020-21.

Figure2: Share (%) of GSDP in GDP at Current Prices



SOURCE:- Telangana state economic survey.

**4.2. Telangana’s GSDP growth rate (%) w.r.t Southern States:**

Telangana beat all of its neighbouring states –Karnataka, Andhra, Tamil Nadu and Kerala.

Table 3: Annual Growth Rate (%) of Southern States at Current Prices

State	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Average Growth Rate
Andhra Pradesh	15.1	13.3	14.9	10.8	11.5	1.6	11.2
Karnataka	14.4	15.5	10.7	11.5	9.3	2.2	10.6
Kerala	9.6	13	10.5	12.6	8.1	NA	10.8
Tamil Nadu	9.7	10.7	12.5	11.3	10.2	5.9	10.1
Telangana	14.2	13.9	13.9	14.7	11.3	2.4	11.7

SOURCE: - State economic survey.

**4.3. Telangana’s Per Capita Income**

In terms of the Per Capita Income (PCI), which is a measure of the standard of living of a population, Telangana’s performance has been remarkable. In 2014-15, the Per Capita Income of Telangana, was Rs.

1,24,104 and was 1.43 times the national per capita income of Rs. 86,647. By 2020-21, the per capita income of the state, stood at Rs. 2,37,632 was 1.84 times that of the national per capita income at Rs. 1,28,829 a significant progress.

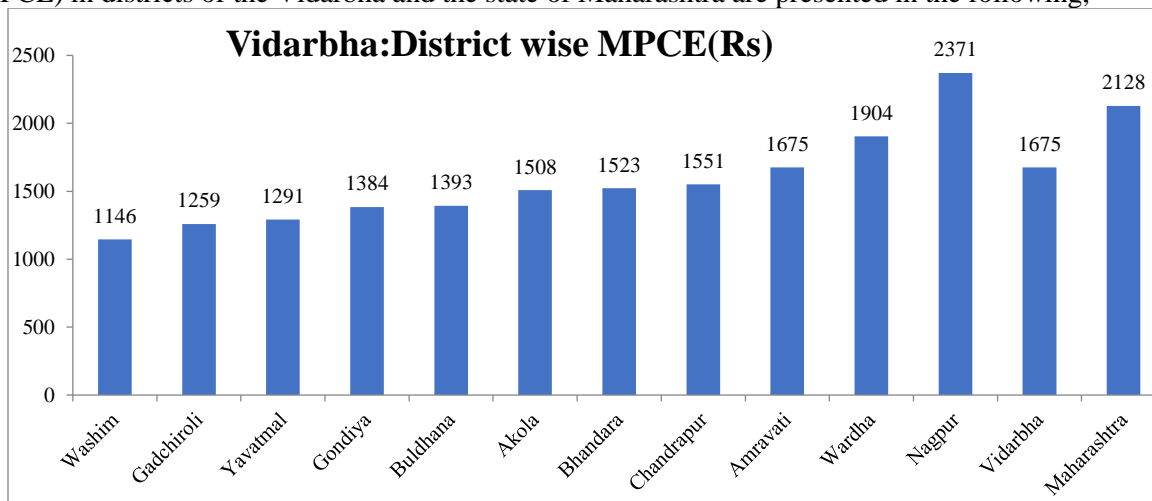
4.4. Thus, the state of Telangana has grown at a faster rate after its formation in 2014, and contribution of Telangana to national GDP has increased. Also growth in Andhra Pradesh, also shows that like Telangana it has grown at a faster rate after its formation in 2014. Both Telangana & Andhra are growth states after their formation.

5.0. **Vidarbha: Regional Backwardness.**

The Vidarbha region consists of 11 districts from eastern Maharashtra. The following economic indicators explain whether new & smaller state of Vidarbha be formed or not.

5.1. **Income and standard of living**

The standard of living of the people in the Vidarbha belt is poor compared to the whole state of Maharashtra. The standard of living measured by Average Monthly Per-capita consumption expenditure (MPCE) in districts of the Vidarbha and the state of Maharashtra are presented in the following,



Source: Estimated from NSS Household Consumption Expenditure Survey 2011-12

was lower at Rs. 1675 while for the whole state of Maharashtra, it was Rs.2128. In some districts such as Washim and Gadchiroli, the average MPCE is almost half the same as in Maharashtra. The lower level of consumption results in dragging people of the Vidarbha region into the cycle of poverty. The poverty cycle leads to lower productivity and lower level of economic growth in the region.

All the districts falling under the Vidarbha region have witnessed acute poverty over the years. Both the rural and urban poverty ratios of the Vidarbha region vis-à-vis the state of Maharashtra have been presented as follows,

5.2. **Poverty in Vidarbha and Maharashtra**

Maharashtra is among most rich state, yet there are vast disparities and poor regions within it like Vidarbha & Marathwada:

S. No.	Regions	GDP (Cr.)	Population (Cr.)
1.	Konkan (Including Mumbai) (6 Districts)	Rs. 373959	2.8
2.	Vidarbha (11 Districts)	Rs.132750	2.3
3.	Nashik (5 Districts)	Rs. 105950	2.0
4.	Pune (5 Districts)	Rs. 302002	2.5
5.	Marathwada (8 Districts)	Rs. 85600	1.9

Moreover, per capita income of Vidarbha is Rs. 65360 while that of Maharashtra is Rs. 224309 almost almost 1/4<sup>th</sup> of Maharashtra.

Vidarbha is thus very high on poverty; moreover it is an area of high suicide by cotton farmers. Gadchiroli and Chandrapur are most backward districts of India.

### 5.3. Growth Of Vidarbha Vs Maharashtra

S. No.	Regions wise	Contribution of SGDP % 1993-2000	Contribution of SGDP % 2001-2010
1.	Vidarbha	18.29	15.96
2.	Marathwada	10.91	10.09
3	Rest of Maharashtra	70.83	73.95

The above chart shows that not only per capita income of Vidarbha is 1/4<sup>th</sup> of Maharashtra but rest of Maharashtra is growing faster than Vidarbha. The Contribution of Vidarbha to Maharashtra SGDP has gone down from 18% to 15% in 10 years.

### 5.4. Social Indicators

Moreover, many villages in Vidarbha are deprived of (more than 17%) of good health facilities, education, proper housing, drinking water, roads and electricity

### 5.5. Agriculture in Vidarbha.

Rainfall & Agriculture: Insufficient & uncertain rain, water dries up quickly because of salinity in the soil ,no irrigation facility. The ground water dries up as there is no water harvesting & no ground water recharge. B T Cotton which is the chief crop requires a lot of water & hence productivity is low. Expensive seeds of B T Cotton , expensive fertilizers , chemicals & pesticides. Moreover, drought leads to crop failure & leads to miseries, suicides.

The farmers are not able to store as they do not have warehouses. So soon after harvesting they send the crop to Mandi for sale & as there is excess supply at the time of harvesting they get low price which is even below MSP.

The government procurement machinery is not efficient & does not make timely procurement leading to sale in the market. They complained they had a very meager income as raw material cost was high. Their income is spent on expenditures at home & they have to depend on money lenders when they have to sow the crop who generally charge 15% to 20% interest

Another problem is that holdings have now reduced to 5 acres as population has increased & their incomes are low so they are not able to return loans of the banks & are struggling.

They also feel that western Maharashtra gets priority in funds & factories & are discriminated against by the Government. So creation of Vidarbha will solve their problem.

### 5.6. Loan taken by farmers & Role of Money Lenders in Vidarbha

I went to some villages in Vidarbha. The farmers in general said Low margin, income from B T Cotton, their main crop. Most fields are non-irrigated. Groundwater dries up & as they depend on rainfall, they have only one crop a year. MSP has not been revised with constant increase in raw material prices

When there is crop failure, we go to banks but their procedures are long & complicated, time consuming & they first want old dues to be cleared .so we go to money lenders who give loan immediately but charge high interest with the result whatever they earn they land up giving to the moneylenders

### 6.0. Solutions:

During my visit to Villages in Vidarbha region. I asked them how they can come out of this problem they said Banks should simplify procedures & lend them loans at low interest % and also waive past loans.

The underground water should be raised by creating check dams and storing of rainwater should be maintained by Government & sarpanch etc.

Electricity is very irregular. Their tube-wells can work only if they get regular electricity. Also ground water needs to be recharged so that tube-wells can work.

The Government should help in creating alternative sources of additional income like dairy, giving free cow /buffaloes etc.

Canals to be made quickly so that the groundwater can be recharged & rainwater harvesting has to be boosted on war footing.

## **7.0. Policy Recommendation**

**7.1.** Considering that Vidarbha has been lagging behind Maharashtra in socio-economic indicators and considering growth stories of newly created smaller states like Telangana and Andhra, which have performed exceedingly well after their formation, it is suggested to carve out a small state of Vidarbha from large state of Maharashtra

**7.2.** During my visit to Akola District in Vidarbha, we were discussing the issue of Vidarbha with the Villagers at Akola, one old fragile person with a poverty-stricken face but with confidence, he remarked that Shri Jawahar Lal Nehruji, our prime minister wanted to create Vidarbha & one day the state of Vidarbha will be a reality.

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