

India's Bike And Bullock Economy

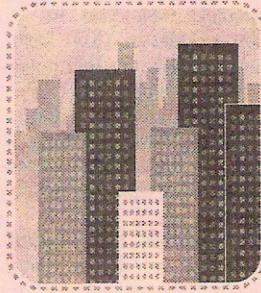
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Regional disparities in India's development still remain the focus of much academic research and comment in this country. Over the years, various patterns have been identified, but none have stood the test of time. The hot favourite now — especially after the recent Gujarat communal carnage — is a north-south divide, in which the latter's four states of Andhra Pradesh, Karnataka, Kerala and Tamilnadu are forging ahead of the rest of India.

However, the north-south divide isn't a perfect fit for the story of India's regional disparities. Right up to the 1990s, detailed studies suggested that the top performing states weren't concentrated in one part of India; that it was only Tamilnadu which experienced a 6 per cent growth in the south. As for the four states as a whole, there was also a sense that being coastal based didn't make much of a difference to their performance.

If anything, the pattern then was biased in favour of west India, thanks to Gujarat and Maharashtra. In its survey of mid-1990s *The Economist* argued that one had to draw a line from Kanpur in the state of Uttar Pradesh to the tip of the sub-continent: "On the western side, are bits of India that work, on the east, the bits that don't". This west-east tale stemmed from the lighter industries that the government left in private hands.

But all of this now sounds passe. Less than a decade later, bits of western India are vulnerable thanks to the breakdown of governance. Clearly, the west-east tale has also run its course with



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Gujarat. For similar reasons, the north-south story too might sour when other realities surface. To this list can now be added a fresh description of India's regional disparities into a business, bike and bullock cart economy.*

The business class economy constitutes only 2 per cent of India's population and has access to cars, washing machines, computers, Internet, mobile phones, air travel. The bike economy comprises 15 per cent of the population and its consumption patterns include use of televisions, telephones, water and gas connections, radios and motorbikes. The bullock economy encompasses the rest of the population, with only half of them owning pucca houses, TVs and radios. Basic amenities are lacking for this segment.

In terms of geographical space, the Strategic Foresight Group places the business class economy into a narrow segment of 12 to 15 metropolises like Ahmedabad, Bangalore, Chennai, Coimbatore, Delhi, Hyderabad, Kochi, Kolkata, Mumbai, Pune, Surat and

Vadodara. The bike economy encompasses relatively faster growing states of Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamilnadu and West Bengal. The bullock car economy accounts for the remaining states.

This classification is based on consumption patterns and development indicators and is fairly close to earlier research regarding the relative dynamism of the western and southern states in sharp contrast to the hindi-speaking states like Madhya Pradesh, Uttar Pradesh and Bihar which represent the heart of India's darkness. The latter two in fact account for a large share of India's population — UP in fact has more numbers France and Germany combined — and weigh down the country's progress on many fronts.

The big question is for how long will this catchy description hold? Difficult to say, but a major weakness (among others) lies in how it treats rich farmers, especially in the prosperous agrarian states. At a time when people are raising questions as to why rich farmers shouldn't pay income taxes — as they purchase Mercedes Benz cars and other luxury goods like their metropolitan business class counterparts — what is the justification for consigning them to a bike economy? Does classifying Punjab and Haryana as bike economies make sense? Clearly, this description of the many Indias calls for further refinement

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