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A Comparative Analysis of Social, Economic, and Demographic Determinants in Rural and Urban Areas of Indian States

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ABSTRACT

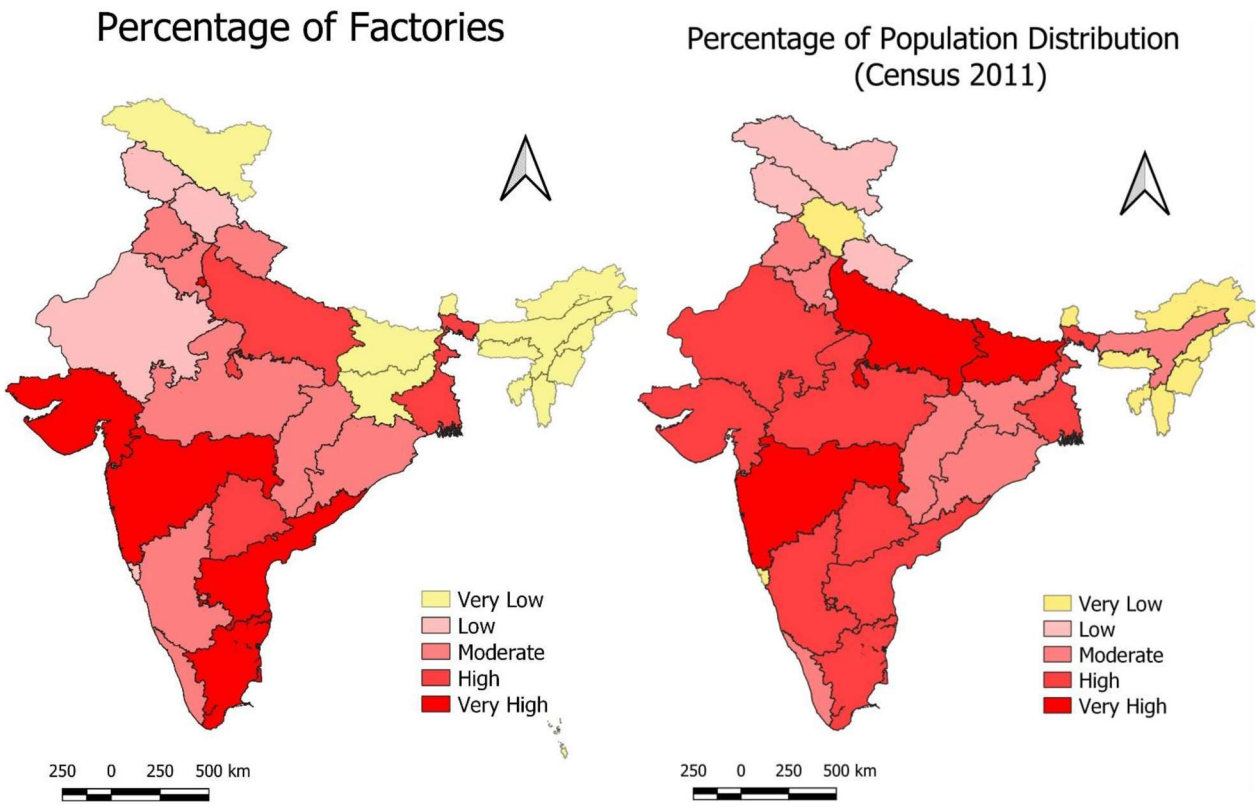
This study analyses the socio-economic and demographic disparities between industrially advanced and agrarian Indian states using the India Human Development Survey-II (IHDS-II) data, processed through STATA software. The research focuses on two contrasting sets of states: Haryana and Maharashtra, representing highly industrialised regions, and Uttar Pradesh and Madhya Pradesh, representing primarily agrarian and less industrialised regions. The selection is based on the ratio of factories to the population share, establishing a baseline for assessing industrial development in relation to demographic characteristics. The objective is to examine how industrialisation influences socio-economic and human development outcomes such as education, income, employment, and quality of life. The findings highlight significant regional disparities, with Haryana and Maharashtra exhibiting superior performance across development indicators, while Uttar Pradesh and Madhya Pradesh continue to lag due to limited industrial expansion and weak infrastructural support. By contrasting these two state groups, the research contributes to

understanding the broader patterns of uneven development in India and provides insights for achieving balanced regional growth.

Introduction

India's development trajectory is marked by striking regional contrasts shaped by varying levels of industrialisation, social progress, and demographic change. The country's vast and diverse geography has produced states that differ considerably in their social, economic, and demographic characteristics. While certain states have experienced rapid industrial growth, economic diversification, and improvements in human development indicators, others continue to grapple with persistent poverty, limited industrial expansion, and infrastructural deficiencies. These disparities are especially pronounced when comparing rural and urban areas, where differences in income, education, employment, and access to essential services remain defining features of India's development landscape. This study, titled "A Comparative Analysis of Social, Economic, and Demographic Determinants in Rural and Urban Areas of Indian States", seeks to examine these disparities through a comparative assessment of four states—Haryana and Maharashtra, representing industrially advanced and economically developed regions, and Uttar Pradesh and Madhya Pradesh, representing primarily agrarian and less industrialised states. The analysis employs data from the India Human Development Survey-II (IHDS-II), processed using STATA software, to generate indicators that capture the multidimensional aspects of human development and industrial performance. The selection of these states is based on a measurable baseline: the ratio of factories to the state's population, reflecting the degree of industrial concentration relative to demographic size. Industrialisation serves as a key determinant of socio-economic transformation. It not only drives employment and income growth but also influences migration patterns, urbanisation, education, and overall living standards. In contrast, states with weak industrial bases often experience slower economic mobility, lower literacy rates, and limited access to social infrastructure. By comparing these two sets of states, the research aims to identify how industrial advancement—or the lack thereof—affects socio-economic and demographic outcomes across rural and urban contexts. Furthermore, the study explores how disparities in industrial growth translate into unequal access to education, healthcare, and employment opportunities, particularly within marginalised groups. It also highlights how demographic factors—such as population density, age structure, and workforce composition—intersect with economic and social conditions to influence development trajectories. Through this comparative approach, the research underscores the persistent challenges of regional imbalance in India's development process and provides insights into policy measures required to promote equitable growth. The findings aim to

contribute to ongoing discussions on inclusive development, emphasising the need for state-specific strategies to bridge the rural-urban divide and foster balanced socio-economic progress.



Map (1 & 2); Shows the % distribution of total no. of factories across India (Left) and % Population distribution (Right)

Literature Review

The poor economic performance of Madhya Pradesh and Uttar Pradesh can be attributed to British colonial policies, which decimated native knowledge-based businesses that provided employment for many urban and rural craftsmen, as well as creating an exploitative middle class through Permanent Settlement (Rasul and Sharma, 2014). The economic marginalisation that started during the colonial era lasted even after independence. Despite numerous attempts, a small number of absentee landlords who have no interest in investing in land to increase productivity continue to hold onto the majority of the country's land. "The four higher caste landlords in Madhya Pradesh have a significant stake in land," (Sharma A N, 2005). Sharecroppers, on the other hand, have little ability or desire to invest in land. Investments in land, irrigation, and flood control have been insufficient, and agricultural output has remained subpar. Because of poverty, illiteracy, hunger, and low skill levels, the states' massive

population has continued to be a burden. These two resource-rich states are trapped in a low-level equilibrium trap due to insufficient human capital, weak institutions, inadequate infrastructure, political unrest, and societal unrest (Rasul and Sharma, 2014).

Madhya Pradesh and Uttar Pradesh were further sidelined by the government's 1952 "freight equalisation" programme. This method established railroad freight rates for industrial inputs, including coal, iron ore, steel, and cement, to ensure that they were cost-equal across the nation and competitive with government subsidies (Kant, 1999; Mukherji & Mukherji, 2012). Because of the dynamic loss of forward and backward connections, this strategy undermined the comparative advantages of Madhya Pradesh and Uttar Pradesh's natural resources and harmed industrial and economic progress (Mukherji & Mukherji, 2012). Despite recent changes in power structures, political unrest, corruption, and a lack of good law and order have made it challenging to establish environments that encourage investment, economic growth, and social advancement. As a result, economic development in Madhya Pradesh and Uttar Pradesh has lagged.

The conditions of two sets of states have created the push and pull factors in the respective states. Uttar Pradesh and Madhya Pradesh are the source regions of migration, whereas Maharashtra and Haryana are the destination points of the migrants. The states with the most migrants, according to popular belief, are Uttar Pradesh and Madhya Pradesh. According to the 2011 Census, 17.6 million individuals from the two states moved outside of the state. According to the enumeration, this represents 31% of the total number of inter-state migrants. Maharashtra and Haryana are the states that receive a large number of in migrants due to employment opportunities and other pull factors. The COVID-19 pandemic has also reversed the According to the Associated Chambers of Commerce and Industry of India, manufacturing has emerged most rapidly in Maharashtra and Haryana among the major states (ASSOCHAM). The performance of the states was assessed using a variety of variables, including the number of factories, working capital, net fixed capital formation, fixed capital, completed items, invested capital, and total inputs. These two are some of India's richest and most industrialised states. Together, the two states are responsible for almost 25% of the nation's GDP. Their economies have grown more quickly than the national average during the past ten years. High levels of urbanisation are another characteristic that both states have in common. Migrants started to return from states like Maharashtra and Haryana to their home states, such as Madhya Pradesh and Uttar Pradesh, but the tendency reverted back to the former patterns since there were no jobs in the home states. These two groups of states have been chosen to comprehend the conditions and performances of the states through various indicators as a result of these inconsistencies.

Data Source and Methodology

A combined methodological approach of qualitative and quantitative analysis has been followed in this paper. Basically, secondary data sources have been used in the study. The secondary data was based on existing literature including books, articles, working papers and research papers and more importantly the data provided by the state and central governments.

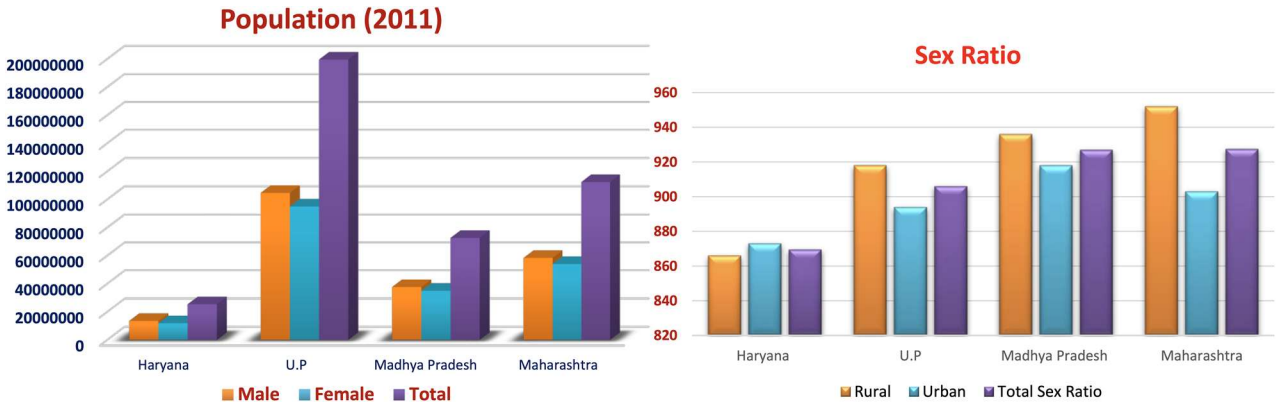
First, method used was Geographic Information System (GIS) has been extensively used to show the share of distribution of the population and factories to the total numbers. These data have been further geo-referenced before creating different shape files for different kinds of Maps.

Second, Microsoft Excel application was used to make simple statistical calculations. Software helped to unfold and process the meaning of recorded quantitative as well as qualitative data through suitable graphs.

Result & Discussion

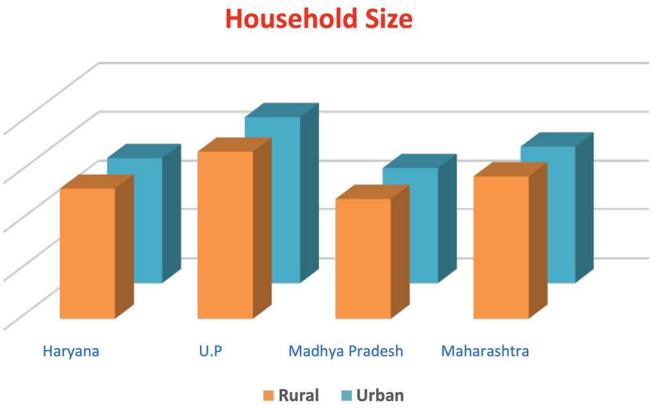
a) Population

Among all the four states, Uttar Pradesh is the most populous state of 19.95 crores followed by Maharashtra with 11.23 crore population whereas Haryana and Madhya Pradesh having 2.53 and 7.29 crores population respectively. These states contain very significant proportion of the India's population. As we can see this from the graph, male population out numbers female population in every states. If we talk about the sex ratio then Haryana and U.P has comparatively less sex-ratio than M.P and Maharashtra. This differences in the sex ratio have been also influenced by the level of industrial development as well as direct relationship with the literacy rate of the state. Generally higher the literacy rate results in lower the female foeticide which has been discussed later in this paper.



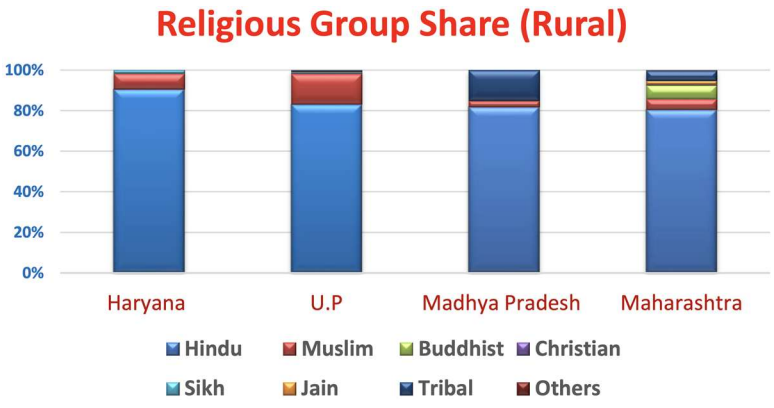
Haryana U.P Madhya Pradesh Maharashtra. Rural Urban Total Sex Ratio Further with the help in urban and rural mean household size, it's clearer in terms of the reason of the sex-ratio variations in industrially developed and less developed states.

b) Mean household size



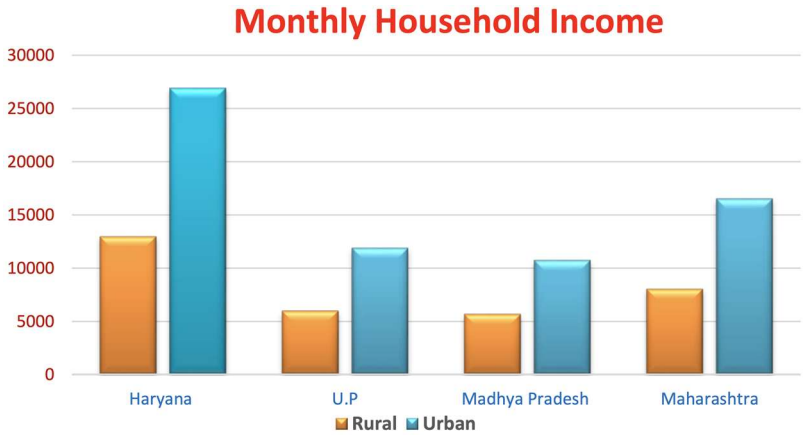
U.P and Maharashtra has large the mean household size in both rural and Urban areas. UP has largest household size of 6.841 and 6.801 people respectively in rural areas as well as urban areas. It is followed by Haryana and Madhya Pradesh. U.P and Maharashtra have large household size whereas Haryana and Maharashtra have smaller one. The mean household size is directly related to the proportionate share of rural and urban population in different state which are having different pace of development. Smallest household size is in urban areas of Madhya Pradesh with 4.71 people. There is trend of decreasing household size from rural to urban areas in all the states except M.P. In Haryana, household size is more in Urban areas with 5.12 which is lowest than rural areas with 5.32 people.

c) Share of religious group



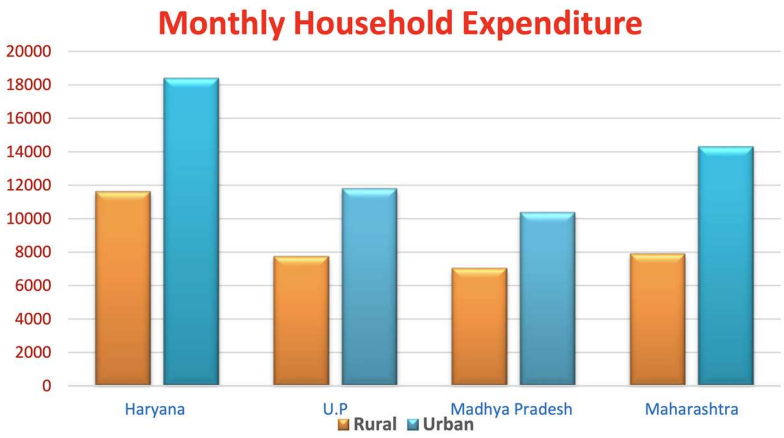
It can be analyzed that major population in all these four states are of Hindu population and other minority which is large in its share is of Muslims. In urban areas share of Muslims is more in every state as comparison to rural areas. Religious compositions in rural areas are similar in all the states in terms of Hindu population. Hindus have population close to 80% in all the states with smaller variations like 91% in Haryana and 86% in UP. In all the states, second largest population is of Muslim except Maharashtra where Buddhists form the second largest population after the Hindus. This can be attributed to effects of Dr, B, R, Ambedkar. Due to Baba Saheb's influence, a large section of Dalits adopted Buddhism. This phenomenon was not very effective in other states like Haryana, U.P and M.P.

e) Mean Household income and Expenditure



From the figures it can be analyzed that States having better NSDP is also having high monthly household income for example Maharashtra and Haryana. It is higher in their urban areas as opportunities, jobs and wages are quite high in urban areas Demand usually generates from urban region which resulting in high household consumption expenditure urban areas. Observation of the monthly household income and monthly household expenditure of all the four states reveal that in rural areas, expenditure is higher than the income. It means that overall household are in the debt. Their income is much lower than the expenditure in UP and Madhya Pradesh. Rural household income and expenditure are 7750 and 5987.2 rupees respectively in UP and 7034.4 and 5672.3 rupees respectively in Madhya Pradesh. In Haryana and Maharashtra, the difference between income and expenditure reduces but households are still in the debt condition. There is no surplus income. If comparison is done among these states Haryana is having high monthly household income as well as high monthly household consumption expenditure.

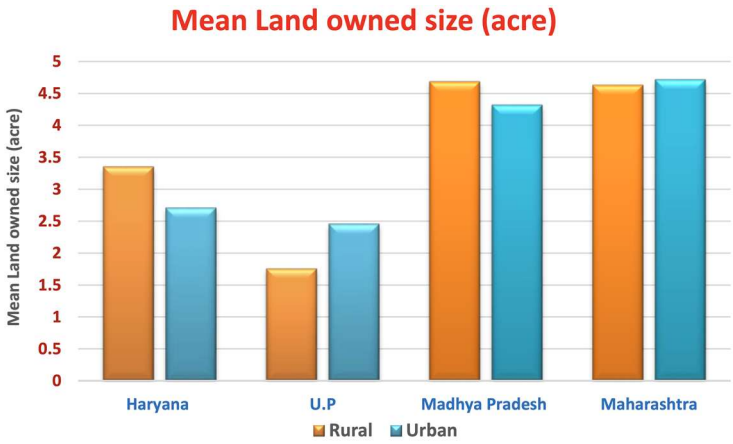
On the contrary Madhya Pradesh is showing lower trend in both fronts. Monthly household income, In urban areas, in Haryana, It is as high as 26935.9 and in Madhya Pradesh to the level of 10752.8. Whereas monthly household consumption expenditure of Haryana is as high as 18407.9 and in Madhya Pradesh, it is around 10375.2. In 1970s Haryana benfited with green revolution. After agricultural boost Haryana heads towards industrialization. Gurgaon, Faridabad, Rewari, Panipat become hub of IT, Machine and Electronics, Automobiles, oil refinery respectively. This has helped in increased monthly household income as opportunities are available in this state. Better income further led to increase in consumption expenditure.



Whereas in Urban areas, Household income is higher than household expenditure in all the four states. There is not much margin of surplus in the states except Maharashtra

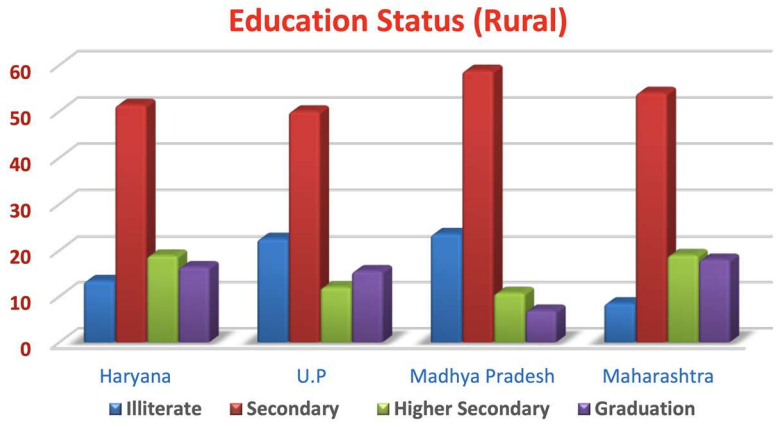
where monthly income of household is 4262 rupees higher than the household expenditure. In other three states, urban household income is higher than the household expenditure, but the difference is meagre. Maharashtra and Haryana have roughly 1.3 times the monthly household income than Madhya Pradesh and UP in Urban as well as rural areas. In Maharashtra, as well the positive influence of better initial conditions was reinforced by relatively business-friendly policies and the expansion of higher education. This in-turn creates better income opportunities. On the other hand, Eastern U.P and Madhya Pradesh are land locked states with low industrial base. This is the reason why migration is taking place from these states for better income opportunities.

g) Land owned size



If land owned size is taken into consideration Maharashtra is showing higher trend in urban (4.7 acre) and Madhya Pradesh in rural areas (4.68 acre). Land owned size per household is very low in UP (1.75 acre) whereas Haryana has moderate landhold size farmers which is 3.35 in rural and 2.71 in urban areas. The bulk of India's farms (86%) are less than 2 hectares. The majority of them are in impoverished states like Uttar Pradesh and Madhya Pradesh (Padmanabhan,2018).

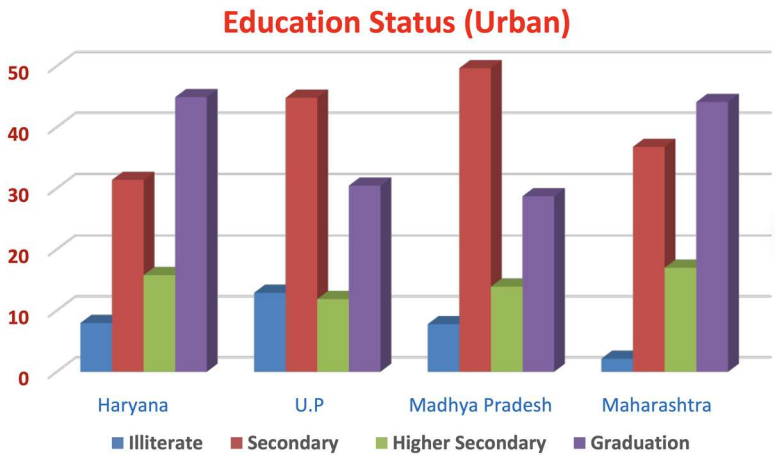
h) Adult Education level



It can be observed from the graph that major population is being able to have secondary education in all states both in rural and urban areas. In rural areas illiterate people are higher in number. In education system, highest percentage of illiterates are in rural Madhya Pradesh i.e. 25.36% and lowest are in rural Maharashtra i.e. 8.52%. In Haryana and UP illiteracy is 13.46 and 22.5% respectively. Madhya Pradesh is also showing more or less same pattern as U.P but in urban areas illiteracy is low here as comparison to U.P. It is in the secondary level where highest of population share occur in rural areas. Secondary level education includes the classes from 1 to 10. The population share

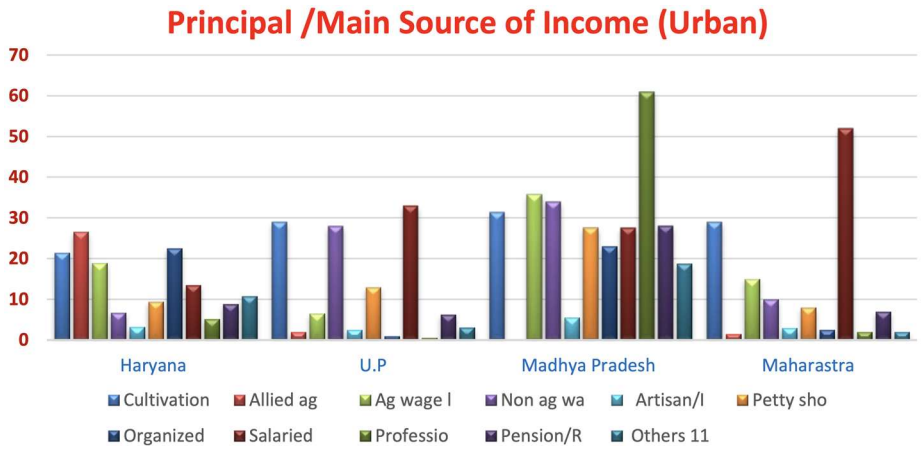
tends to decrease as higher level of education is approached. Hence highest population is at the primary and secondary level of education and then share further reduces at higher secondary and graduation level. Here, UP is the single state where share of graduation level is higher than share at higher secondary level.

But in Urban areas, conditions are quite different than rural areas. Drop out at 12th areas as compared to rural areas. Haryana U.P Madhya Pradesh Maharashtra **Illiterate Secondary Higher Secondary Graduation**

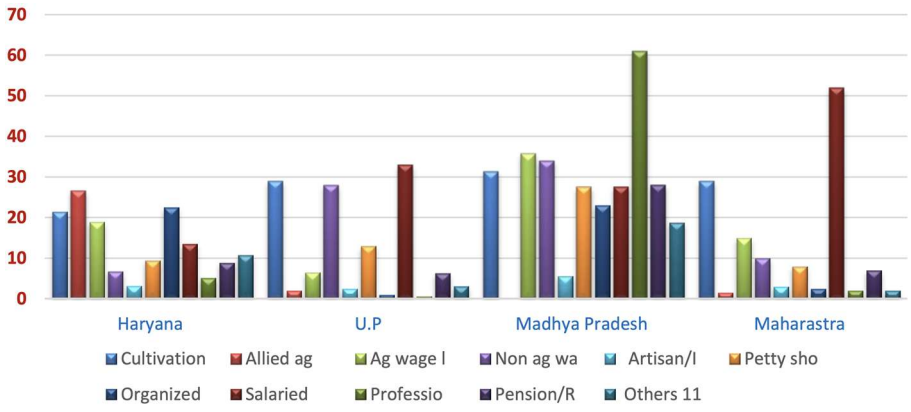


On the other hand, other states are contributing much to education sector, which can be shown by their large concentration in Higher Secondary and Graduation.

j) Principal source of Income



It can be observed from the graph that main source of income is different for every state. Principle source of income in rural areas is predominantly cultivation in all the four states. Agriculture is major activity in rural areas and hence, cultivation is major source of income in rural areas. One major difference between underdeveloped states like UP and Madhya Pradesh and developed state like Maharashtra and Haryana. Where Haryana has moderate level of commercial farming as well as the industrial base. UP and Madhya Pradesh combined have second largest source of income is nonagricultural wage after the cultivation. Whereas agriculture generates more profit in Maharashtra and Haryana and hence agricultural allied activities are second largest source of income in Maharashtra and Haryana after Cultivation in rural areas.



In Urban areas, major source of income are salaried jobs in all the three states except Madhya Pradesh where cultivation is the main source of Income even in the Urbana areas. In Maharashtra salaried professionals have highest share as main source of income. Around 50% of income in Maharashtra is salaried in Urban area. In Madhya Pradesh and UP also, Salaries have highest share as main source of income. It is the cultivation which still has large share as main income even in urban areas. In UP and M.P, non-agricultural labor has large share as daily wage workers in unorganized sector are also in large numbers.

Madhya Pradesh is unique as share of salaried persons as main source of income do not have largest share. Here, the composition in main sources of income in urban areas have the sequence of hierarchies as Cultivation, Non-agricultural wage and then salaried professionals which is different from other three states. On the other hand,in urban areas allied agriculture and cultivation is major source of income in Haryana. Organized sector is also quite prevalent in Haryana in urban areas. In Madhya Pradesh petty shops and cultivation are major source of income. In Madhya Pradesh major source of income in urban areas is professional jobs.

Conclusion

Due to its close proximity to the National Capital Region (NCR), 14 of Haryana's 21 districts have a special advantage. Haryana benefited from the green revolution in the 1970s. Haryana made a big contribution to India's 1970s Green Revolution, which made the nation food self-sufficient. Haryana moves toward industrialisation after receiving an agricultural boost. IT, machine and electronics, automobiles, and oil refinery hubs, respectively, have emerged in Gurgaon, Faridabad, Rewari, and Panipat. Increased consumption and educational investments were a result of more income. Only education can give you a job and a good quality of life in an industrialised society. In all the states, the Poverty Gap Index (PGI) in rural areas is higher than the PGI in Urban areas. UP, M.P and Maharashtra have either double or more than double the value of PGI in the rural areas as compared to Urban areas. But Madhya Pradesh has a proportionately poorer population in Urban areas. Gini coefficient of people's

income shows that U.P, M.P and Maharashtra have approximately the same inequality level in rural and Urban areas. In UP, inequality is greater in rural areas than in urban areas. In Maharashtra, inequality in rural areas is higher than in urban areas. As tertiary education and the supply of skilled labour rose throughout time. The majority of Indian tribes reside in MP. A sizeable chunk of the State's population—15.6 per cent for scheduled castes and 21.1 per cent for scheduled tribes, respectively. ST don't pursue formal education, which contributes to the state's greater illiteracy rate. Following the state's partition, significant mineral growth in its industrial sector.

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