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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**INDIA'S NORTH-SOUTH DIVIDE:
A STRUCTURAL CHALLENGE TO
FEDERALISM**

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Context

- The issue of **India's North–South Divide** is no longer cyclical but structural, requiring **institutional innovation** rather than incremental policy fixes.

What is the North–South Divide?

- It refers to **systematic socio-economic and political disparities** between:
 - ♦ **Southern/Peninsular States:** Tamil Nadu, Kerala, Karnataka, Telangana, Andhra Pradesh
 - ♦ **Northern/Hindi Heartland:** Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand, Chhattisgarh.

Nature of the Divide

- **Economic Disparity:** Southern states have **2–3 times higher per capita income**, and account for a **disproportionate share of GDP** despite lower population.
- **Human Development Gap:** South performs better in literacy, health outcomes, and gender indicators.
 - ♦ North lags significantly in **HDI-related indicators**.
- **Demographic Contrast:** High population growth, fertility in North; and low fertility, ageing population in South.
- **Delimitation Issue:** Parliamentary seats are based on **population**.
 - ♦ **Northern states** gain more seats (**greater political power**); and southern states risk **under-representation despite economic contribution**.
 - ♦ It creates a **political economic imbalance**: 'Demographic strength vs Economic strength'.

Comparative Perspective

- In federations like the **USA, Canada, Australia**, economic and demographic dominance often overlap.
- In cases like the **USSR, Yugoslavia**, the economic minority subsidizing the political majority led to instability.
 - ♦ India risks a **similar structural imbalance**, though within a democratic framework.

Strengthening North-South Divide

- **Reforming Political Representation:**
 - ♦ **Adopt Digressive Proportionality:** Balance **population-based representation with state equity**; and prevent domination by populous states.
 - ♦ **Strengthen Federal Institutions:** Revitalise **Inter-State Council**; and ensure **consultative decision-making**, and **political stability alongside demographic fairness**.
- **Fiscal Federalism & Resource Equalisation**
 - ♦ **Strengthen Finance Commission Transfers:** Increase **equalisation grants** to poorer states; use criteria beyond population income distance, and human development indicators.
 - Equalisation transfers are globally recognised tools to **reduce regional disparities**.
 - ♦ **Rationalise GST Compensation:** Address concerns of **revenue loss in productive states**; and ensure fairness in **tax devolution**.
 - ♦ **Performance-Based Incentives:** Reward states for population control, governance reforms, and social sector outcomes.
- **Human Capital Development in Northern States:**
 - ♦ **Priority Areas:** Universal **school education**, public health infrastructure, and skill development.
 - **Human capital gaps are the core driver of regional inequality**.
- **Targeted Regional Development:**
 - ♦ **Aspirational District Programme (Strengthen):** Focus on **lagging districts in BIMARU states**.
 - ♦ **Infrastructure Push:** Transport, power, digital connectivity.
 - ♦ **Industrial Decentralisation:** Incentivise industries to locate in **less-developed regions**.

- **Cooperative & Competitive Federalism:**
 - ♦ **Cooperative Federalism:** Centre–State collaboration via **NITI Aayog**; and policy coordination rather than central dominance.
 - ♦ **Competitive Federalism:** Encourage states to **compete on governance and reforms**.
 - A ‘**new federal bargain**’ is needed to balance autonomy and equity.
- **Managing Migration & Labour Integration:** Protect rights of **inter-state migrants**; ensure **portability of welfare schemes** (One Nation One Ration Card); and promote **social integration policies**.
- **Internal Reforms in Southern States:** Even advanced states need to reduce **intra-state inequality**, improve **labour wages and rural inclusion**, and strengthen **rule of law and governance**.
 - ♦ Growth without inclusivity weakens long-term sustainability.

Long-Term Structural Reforms

- **Decentralisation:** Empower **local governments (III Tier)**, and improve last-mile delivery.
- **Institutional Strengthening:** Judicial efficiency, and administrative reforms.
- **Social Transformation:** Address caste, gender inequality, and promote inclusive social policies.

Conclusion

- The North–South divide cannot be solved by a **single policy instrument**. It requires a **multi-dimensional strategy** combining **fiscal equalisation, political balance, human development, and institutional reform**.
- The ultimate goal is not just reducing disparity, but building a **cohesive and resilient federal structure** where both equity and efficiency coexist.

Source: TH

Daily Mains Practice Question

- [Q] Regional disparities in India have transformed from a developmental issue into a federal challenge. Examine in the context of the North–South divide.

