Geography · GS - I

Discuss whether formation of new states in recent times is beneficial or not for the economy of India.

EXAM YEAR	PAPER	SUBJECT
2018	GS - I	Geography

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Decentralised governance; regional aspirations; administrative efficiency; resource allocation; economic viability; fiscal burden; regional disparities; cooperative federalism

Model Answer

Introduction

The formation of new states in India seeks to address regional aspirations and improve governance. Its economic impact depends on administrative capacity, resource endowments and the quality of institutions.

Potential Economic Benefits

1. **Administrative proximity:** Smaller states can bring decision-making closer to citizens and improve service delivery.
2. **Targeted development:** Governments can design policies suited to local geography, industries and social needs.
3. **Improved resource utilisation:** Greater attention to regional priorities may accelerate infrastructure and investment.
4. **Political representation:** Historically neglected regions may receive stronger representation and greater policy attention.
5. **Local accountability:** Governments may become more responsive to regional development concerns.

Potential Economic Costs

1. **Administrative expenditure:** New capitals, legislatures, secretariats and departments create additional costs.
2. **Resource disputes:** Sharing water, electricity, public assets and revenues may generate prolonged disputes.
3. **Uneven viability:** States with weak revenue bases may depend heavily on central transfers.
4. **Disrupted economic integration:** Disputes over boundaries and infrastructure can affect investment and trade.
5. **Unequal development:** State formation alone cannot eliminate regional inequalities or governance failures.

Way Forward

State reorganisation should be based on careful economic and administrative assessment, transparent resource-sharing agreements, fiscal planning and inter-state cooperation.

Conclusion

New states can promote balanced development, but smaller size does not automatically ensure economic prosperity. Institutional quality, sound finances and effective governance determine their long-term success.

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