# Management of Growth Disparities in South Asia: A Need of the Hour

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## Abstract

*The South Asian countries have been growing with an annual pace near to 6% which is higher from any other region despite having many adverse conditions. But the development and growth level is not uniform in this region too. Regional growth disparity is a common phenomenon here which is not a favourable scene for the sustainable development of any region because disparities may be caused so many aggressive mass movements to split society as a whole. If at the beginning, during the policy formation, the disparity areas and sectors keep in mind then it can be minimized and the threat of any unwanted activities can be reduced. Beside it, maximum benefit with least wastages also can be availed from use of local resources. Since South Asian region is in its early stage of development then this paper has a great relevance showing the importance of management of growth disparity. The paper deals with the growth scenario of South Asian Region, the inter regional and intra regional disparity scenario, the trends and triggers of growth, barriers in growth, suggestions to remove those barriers and to minimize spatial disparities. The well known Prime Component Analysis Method is used for disparity analysis to make this paper very authentic and reliable for further references also.*

**Key Words:-** *South Asia, Growth scenario, Regional Disparity, Prime Component Analysis.*

## Introduction

Earlier when we talked about the development, SAARC nations has long been come in an economic laggard category, but that could be start changing. This time when economic growth is showing downward direction in most other developing countries, as commodity prices collapse and world trade slows, the South Asian nations have proved relatively resilient. These nations have coped up the world economic crises occurred in 2007-08 and will also overcome from current financial crises which is facing by nearby country China and European country Greece (National Intelligence Council (NIC), 2012). India with its three neighbors, Pakistan, Bangladesh and Sri Lanka, is growing at an average annual pace of close to 6% compared to 2% for the emerging world outside China. But we should not forget that despite this rapid growth, 35% of world's poor are living in SAARC nations. More than 250 millions undernourished children have their home here in this region (Asian Development Bank, 2013). Beside this, the region is facing the prevalence of sector wise and region wise disparities and the growth performances has not been evenly distributed throughout the region. The creation of a divide named " Leading and Lagging economies" is not only bounded by political borders but can

also be observed within nations in the form of Rural-Urban, Coastal-Land locked part, Peripheral-Urban area and Central-Remote Located areas etc. These gaps in growth seem to be widening over time resulting in high incidence of poverty and income inequality across the whole region.

SAARC nations have been growing resiliently for last few years and their growing status will be remained upward for some next decades also. So, it is the right time to find out the forces, areas and factors of Spatial Disparities, so that a sweet taste of growth will be grab to enjoy and a Split free, inclusive, sustainably developed region will be found to live.

## Objectives

The main motto of this study is to analyse the Spatial Status of Development Disparities in SAARC nations. So that weak growth zones will be found out to pay more attention on their resilient for designing of inclusive welfare policies at early stage of growth for sustainable development of this region.

## Methodology

Since the whole study is based on analysis, so data and technique are two pillars of this study. Indicators have been selected from the list of World Development Indicators, 2013 provided by United Nations' Organization and one of the best known techniques i.e. Prime Component Analysis is used for data analysis to get differently developed zones for disparity assessment. It is a method of factor analysis and was developed by H. Hotelling (1933). Principal Component Analysis is an empirical technique of "Breaking Down" a correlation or covariance matrix in to set of orthogonal components or axes equal in number with that of original variants. In the present study First Principal Component Method has been used as it happens to be the linear combination of variants having the maximum number of squares of the correlation coefficients with the variable. The First Principal Component is a linear combination (weighted sum) of the standard scores of the given variables. The weights used in this case are the elements of the Eigen Vector corresponding to the highest Eigen Value of correlation matrix R of the selected variables. Thus this method has been found more convenient and reliable to measure the extent of regional disparities in comparison to any other method as this gives importance to each variable.

## Indicators to get Growth Profile of SAARC Nations :

Some worldwide known attributes have been chosen for the assessment of development level in the SAARC nations to clarify the current status of growth profile in these nations. The attributes are selected on the basis of their relevance, availability and assess ability from the different sectors of society like Social, Economic and Infrastructural. The selected indicators are as follows:-

### Social :

1.  Percentage of Population of 15-64 years to the total Population (X1)

2.  Percentage of Population of 0-14 years to the total Population(X2)

3.  Percentage of Urban Population to the total Population(X3)

4.  Adult Literacy Rate 2011 for 15 years and above(X8)

5.  Enrolment of female in Secondary and Vocational Education 2011 to the total number of Female (X10)

6.  Education Expenditure 2010 in terms of Percentage of GDP for each nation(X9)

7.  Health Expenditure 2011 in terms of Percentage of GDP for each nation (X11)

8.  Per Capita Health Expenditure 2011 in current USD(X12)

9.  Percentage of Population Accessibility to Improved Sanitation facilities 2011 to the total Population(X13)

**Economic :**

10. Average GDP Growth 2003-12(X4)

11. Average Per Capita Income 2003-12 in Current USD(X5)

12. Tax Revenue in terms of Percentage of GDP 2011(X6)

13. CPIA Transparency, Accountability and Corruption in the Public Sector 2012 ( Rating 1(low) to 6(high)) (X7)

14. CPIA Gender Equality Rating 2012 (Rating 1(low) to 6(high))(X15)

15. New Business Density 2011 (per 1000 persons of aged between 15 and 64) (X14)

**Infrastructural:-**

16. Efficiency of Customs Clearance Process 2012 (Rating 1(low) to 5(high)) (X16)

17. Quality of Trade and Transport Related Infrastructure 2012 (Rating 1(low) to 5(high)) (X17)

18. Competence and Quality of Logistic Services 2012 (Rating 1(low) to 5(high)) (X18)

Indicators are selected from almost all sectors to get the real picture of development of all SAARC nations individually.

**Assessment of Disparity Profile of the Region :**

This study covers eight SAARC nations for their comparative study of disparity analysis. Alphabetically these are Afganistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Though these countries are different in size and shape but collectively they represent a fast developing region.

The data series as per the selected indicators is shown in Table 1. In which value of each indicator has been shown for each nation.

**Steps of Assessment :**

• Step I : Convert raw data series into correlation matrix.

• Step II : Obtain sum of correlation

• Step III : Normalize factor NF1

• Step IV: calculate normalized factor NF2.

• Step V: In this step, by the multiplication of the Va1 to the normalized factor of Ua2 ($\sqrt{NF2}$), Extract First Principal Component (F1) shown in Table 3.

• Step VI: Get First Matrix of Cross Product

• Step VII: Get First of Residual matrix

• Step VIII: Reflect First matrix of Residuals

Table 1 : Original Value Data Sheet

| Nation\indicator | Popu (15-64) | Popu (0-14) | Urban Popu | GDP growth | Per capita incm | tax revenue | CPIA tac | Adult lit | Spend edu | female pupil | Spend hlth | Per capita hlth | sanity | Busi den | Gender equality | Custom clr | Trans infra | Quality service |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | X1 | X2 | X3 | X4 | X5 | X6 | X7 | X8 | X9 | X10 | X11 | X12 | X13 | X14 | X15 | X16 | X17 | X18 |
| Afganistan | 50.3 | 47.4 | 23.9 | 8.8 | 387 | 8.8 | 2 | 47 | 1.5 | 32.1 | 1.5 | 55.9 | 28.5 | 0.12 | 2 | 2.33 | 2 | 2.16 |
| Bhutan | 66.8 | 28.5 | 36.3 | 8.6 | 1722 | 9.2 | 4.5 | 52.8 | 4 | 30 | 4.1 | 93 | 45.2 | 0.06 | 4 | 2.29 | 2.3 | 2.42 |
| Bangladesh | 64.7 | 30.6 | 28.9 | 6.2 | 537 | 10 | 2.5 | 56.8 | 2.2 | 32.9 | 3.7 | 26.5 | 54.7 | 0.1 | 3.5 | 2.33 | 2.49 | 2.44 |
| India | 65.4 | 29.4 | 31.7 | 7.7 | 1048 | 10.4 | 3.5 | 62.8 | 3.3 | 25 | 3.9 | 59.1 | 35.1 | 0.09 | 3 | 2.77 | 2.87 | 3.14 |
| Maldives | 66 | 29 | 42.2 | 7.4 | 5146 | 10.7 | 3 | 98.4 | 7.8 | 54 | 8.5 | 544.7 | 98 | 3.1 | 4.5 | 2.24 | 2.47 | 2.68 |
| Nepal | 59.4 | 35.6 | 17.3 | 4.3 | 458 | 13.2 | 3 | 60.3 | 4.7 | 22.2 | 5.4 | 33 | 35.4 | 0.1 | 4 | 2.2 | 1.87 | 2.12 |
| Pakistan | 61.3 | 34.3 | 36.5 | 4.8 | 898 | 9.3 | 2.5 | 54.9 | 2.4 | 41.6 | 2.5 | 29.7 | 47.4 | 0.03 | 2.5 | 2.85 | 2.69 | 2.77 |
| Sri Lanka | 66.6 | 25.2 | 15.2 | 6.4 | 1856 | 12.4 | 3 | 91.2 | 2 | 43.7 | 3.4 | 96.6 | 91.1 | 0.58 | 4 | 2.58 | 2.5 | 2.8 |

Table 2 : Correlation Matrix

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.00 | -0.99 | 0.31 | -0.07 | 0.47 | 0.25 | 0.66 | 0.53 | 0.37 | 0.27 | 0.49 | 0.30 | 0.58 | 0.29 | 0.71 | 0.16 | 0.61 | 0.60 |
| 2 | -0.99 | 1.00 | -0.18 | 0.13 | -0.45 | -0.36 | -0.62 | -0.60 | -0.32 | -0.29 | -0.46 | -0.27 | -0.62 | -0.27 | -0.73 | -0.18 | -0.58 | -0.61 |
| 3 | 0.31 | -0.18 | 1.00 | 0.30 | 0.54 | -0.62 | 0.27 | 0.04 | 0.50 | 0.40 | 0.38 | 0.53 | 0.14 | 0.45 | 0.05 | 0.10 | 0.47 | 0.33 |
| 4 | -0.07 | 0.13 | 0.30 | 1.00 | 0.23 | -0.58 | 0.28 | -0.06 | -0.01 | 0.03 | -0.09 | 0.24 | -0.04 | 0.15 | -0.14 | -0.18 | 0.04 | 0.05 |
| 5 | 0.47 | -0.45 | 0.54 | 0.23 | 1.00 | 0.08 | 0.24 | 0.81 | 0.81 | 0.78 | 0.81 | 0.97 | 0.80 | 0.96 | 0.62 | -0.23 | 0.22 | 0.29 |
| 6 | 0.25 | -0.36 | -0.62 | -0.58 | 0.08 | 1.00 | 0.07 | 0.52 | 0.27 | -0.07 | 0.42 | 0.06 | 0.33 | 0.14 | 0.60 | -0.19 | -0.23 | -0.03 |
| 7 | 0.66 | -0.62 | 0.27 | 0.28 | 0.24 | 0.07 | 1.00 | 0.08 | 0.36 | -0.21 | 0.31 | 0.09 | 0.04 | -0.01 | 0.55 | -0.08 | 0.17 | 0.24 |
| 8 | 0.53 | -0.60 | 0.04 | -0.06 | 0.81 | 0.52 | 0.08 | 1.00 | 0.56 | 0.73 | 0.68 | 0.75 | 0.93 | 0.81 | 0.67 | -0.06 | 0.25 | 0.41 |
| 9 | 0.37 | -0.32 | 0.50 | -0.01 | 0.81 | 0.27 | 0.36 | 0.56 | 1.00 | 0.36 | 0.96 | 0.84 | 0.45 | 0.81 | 0.69 | -0.44 | -0.06 | 0.03 |
| 10 | 0.27 | -0.29 | 0.40 | 0.03 | 0.78 | -0.07 | -0.21 | 0.73 | 0.36 | 1.00 | 0.39 | 0.74 | 0.86 | 0.77 | 0.27 | 0.06 | 0.31 | 0.30 |
| 11 | 0.49 | -0.46 | 0.38 | -0.09 | 0.81 | 0.42 | 0.31 | 0.68 | 0.96 | 0.39 | 1.00 | 0.83 | 0.58 | 0.82 | 0.81 | -0.46 | 0.00 | 0.08 |
| 12 | 0.30 | -0.27 | 0.53 | 0.24 | 0.97 | 0.06 | 0.09 | 0.75 | 0.84 | 0.74 | 0.83 | 1.00 | 0.72 | 0.99 | 0.54 | -0.34 | 0.09 | 0.17 |
| 13 | 0.58 | -0.62 | 0.14 | -0.04 | 0.80 | 0.33 | 0.04 | 0.93 | 0.45 | 0.86 | 0.58 | 0.72 | 1.00 | 0.77 | 0.65 | -0.09 | 0.28 | 0.34 |
| 14 | 0.29 | -0.27 | 0.45 | 0.15 | 0.96 | 0.14 | -0.01 | 0.81 | 0.81 | 0.77 | 0.82 | 0.99 | 0.77 | 1.00 | 0.54 | -0.32 | 0.09 | 0.17 |
| 15 | 0.71 | -0.73 | 0.05 | -0.14 | 0.62 | 0.60 | 0.55 | 0.67 | 0.69 | 0.27 | 0.81 | 0.54 | 0.65 | 0.54 | 1.00 | -0.48 | -0.06 | 0.03 |
| 16 | 0.16 | -0.18 | 0.10 | -0.18 | -0.23 | -0.19 | -0.08 | -0.06 | -0.44 | 0.06 | -0.46 | -0.34 | -0.09 | -0.32 | -0.48 | 1.00 | 0.77 | 0.77 |
| 17 | 0.61 | -0.58 | 0.47 | 0.04 | 0.22 | -0.23 | 0.17 | 0.25 | -0.06 | 0.31 | 0.00 | 0.09 | 0.28 | 0.09 | -0.06 | 0.77 | 1.00 | 0.94 |
| 18 | 0.60 | -0.61 | 0.33 | 0.05 | 0.29 | -0.03 | 0.24 | 0.41 | 0.03 | 0.30 | 0.08 | 0.17 | 0.34 | 0.17 | 0.03 | 0.77 | 0.94 | 1.00 |
| Ua1 | 6.54 | -6.37 | 5.01 | 1.27 | 8.97 | 1.64 | 3.44 | 8.07 | 7.18 | 6.69 | 7.56 | 8.26 | 7.71 | 8.16 | 6.33 | -0.17 | 4.31 | 5.12 |
| Va1 | 0.25 | -0.24 | 0.19 | 0.05 | 0.34 | 0.06 | 0.13 | 0.30 | 0.27 | 0.25 | 0.29 | 0.31 | 0.29 | 0.31 | 0.24 | -0.01 | 0.16 | 0.19 |

| Table 3 : First Principal Component (F1) | | |
|---|---|---|
| Va1 | Normalized Factor ($\sqrt{NF2}$) | F1 |
| 0.246844 | 2.834993 | 0.699802 |
| -0.24043 | 2.834993 | -0.68162 |
| 0.189102 | 2.834993 | 0.536104 |
| 0.047922 | 2.834993 | 0.135859 |
| 0.338279 | 2.834993 | 0.95902 |
| 0.061779 | 2.834993 | 0.175143 |
| 0.129613 | 2.834993 | 0.367453 |
| 0.304239 | 2.834993 | 0.862516 |
| 0.270962 | 2.834993 | 0.768175 |
| 0.252412 | 2.834993 | 0.715586 |
| 0.285141 | 2.834993 | 0.808372 |
| 0.311447 | 2.834993 | 0.882951 |
| 0.290825 | 2.834993 | 0.824487 |
| 0.307828 | 2.834993 | 0.872689 |
| 0.238884 | 2.834993 | 0.677235 |
| -0.00647 | 2.834993 | -0.01834 |
| 0.162544 | 2.834993 | 0.460812 |
| 0.193111 | 2.834993 | 0.54747 |

| Table 4 : Second Principal Component (F2) | | |
|---|---|---|
| Vb1 | Normalized Factor ($\sqrt{NF2'}$) | F2 |
| 0.239286 | 2.049743 | 0.490474 |
| 0.26204 | 2.049743 | 0.537115 |
| 0.212902 | 2.049743 | 0.436393 |
| 0.226125 | 2.049743 | 0.463498 |
| 0.115523 | 2.049743 | 0.236792 |
| 0.299426 | 2.049743 | 0.613746 |
| 0.23977 | 2.049743 | 0.491467 |
| 0.140578 | 2.049743 | 0.288149 |
| 0.221956 | 2.049743 | 0.454952 |
| 0.185968 | 2.049743 | 0.381187 |
| 0.199583 | 2.049743 | 0.409093 |
| 0.183923 | 2.049743 | 0.376994 |
| 0.146414 | 2.049743 | 0.30011 |
| 0.181333 | 2.049743 | 0.371686 |
| 0.265652 | 2.049743 | 0.544519 |
| 0.342244 | 2.049743 | 0.701512 |
| 0.330959 | 2.049743 | 0.678381 |
| 0.297155 | 2.049743 | 0.609092 |

| Table 5 | | | | | | |
|---|---|---|---|---|---|---|
| Indicators | F1 | F2 | sqr F1 | sqr F2 | SqrF1+Sqr F2 | Eigen Vector (W) |
| 1 | 0.699802 | 0.490474 | 0.489723 | 0.240565 | 0.730288 | 2.087506 |
| 2 | -0.68162 | 0.537115 | 0.464604 | 0.288493 | 0.753097 | 2.152704 |
| 3 | 0.536104 | 0.436393 | 0.287408 | 0.190439 | 0.477847 | 1.365911 |
| 4 | 0.135859 | 0.463498 | 0.018458 | 0.21483 | 0.233288 | 0.666847 |
| 5 | 0.95902 | 0.236792 | 0.919719 | 0.056071 | 0.975789 | 2.789265 |
| 6 | 0.175143 | 0.613746 | 0.030675 | 0.376684 | 0.407359 | 1.164424 |
| 7 | 0.367453 | 0.491467 | 0.135022 | 0.24154 | 0.376562 | 1.07639 |
| 8 | 0.862516 | 0.288149 | 0.743935 | 0.08303 | 0.826964 | 2.363853 |
| 9 | 0.768175 | 0.454952 | 0.590092 | 0.206981 | 0.797074 | 2.278411 |
| 10 | 0.715586 | 0.381187 | 0.512063 | 0.145303 | 0.657366 | 1.879061 |
| 11 | 0.808372 | 0.409093 | 0.653465 | 0.167357 | 0.820822 | 2.346294 |
| 12 | 0.882951 | 0.376994 | 0.779602 | 0.142124 | 0.921726 | 2.634726 |
| 13 | 0.824487 | 0.30011 | 0.679779 | 0.090066 | 0.769845 | 2.200579 |

| 14 | 0.872689 | 0.371686 | 0.761586 | 0.13815 | 0.899737 | 2.57187 |
|---|---|---|---|---|---|---|
| 15 | 0.677235 | 0.544519 | 0.458647 | 0.296501 | 0.755148 | 2.158568 |
| 16 | -0.01834 | 0.701512 | 0.000336 | 0.49212 | 0.492456 | 1.407671 |
| 17 | 0.460812 | 0.678381 | 0.212348 | 0.460201 | 0.672548 | 1.92246 |
| 18 | 0.54747 | 0.609092 | 0.299723 | 0.370993 | 0.670715 | 1.91722 |
| | | | | Eigen Value | 12.23863 | |

Table 6 : Development Value for SAARC Nations

| S.No. | Nation | Development Value |
|---|---|---|
| 1. | Afganistan | -1.50735 |
| 2. | Bhutan | -0.08719 |
| 3. | Bangladesh | -0.55364 |
| 4. | India | 0.064637 |
| 5. | Maldives | 2.671519 |
| 6. | Nepal | -0.73232 |
| 7. | Pakistan | -0.35252 |
| 8. | Sri Lanka | 0.495265 |

Table 7 : Member Nations in Different Growth Zones

| S. No. | Develop- ment Value | Growth Zones | SAARC Nations |
|---|---|---|---|
| 1. | >1.00 | Leading Zone | Maldives |
| 2. | 0-1.00 | Approaching Zone | Sri Lanka and India |
| 3. | <0 | Lagging Zone | Bhutan, Pakistan, Bangladesh, Nepal and Afganistan |

- Step IX : Extract Second Principal Component (F2) ( Table 4)

- Step XI : Get Eigen Value and Eigen Vector. The calculation is shown in (Table 5).

This is the last stage of this calculation. It includes two sub steps. In first sub step, the standardized series was calculated from the original raw series and in the second sub step, Composite Index value for each country was worked out by taking total score of standardized value of each variable multiplied by their Eigen Vector, shown in Table 5. Analysis of Spatial Disparity among SAARC nations on the basis of aforesaid indicators through Prime Component Analysis Technique by giving proper weight age to all indicators has been done and found different development values for all nations individually. The value table as per nation is shown in table 6.

On the basis of these different development values three growth zones showing spatial development disparity, have been identified which are shown in Table 07. These growth zones are named as Leading, Approaching and Lagging zone.

**1. Leading Zone :** This zone ranks on the top of this list. It includes all those nations which scoring more than 1 positive value. Surprisingly only one nation out of eight South Asian nations comes under this category. The nation is Maldives. It scores more than 2.67 values and stands very high than the others. The reasons behind its first position are its higher urban population ratio, highest adult literacy rate (98%), low population means high per capita income,

high spending on Education, Health, infrastructure etc. make this nation business and trade friendly which helped it to grab first position.

**2. Approaching Zone:-** This zone is containing the disparity value from zero to one. It includes Sri Lanka and India with their 0.495 and 0.065 values respectively. These nations are of course far behind the Maldives but they can enter into the upper zone with some effort specially Sri Lanka which scored poor in expenditure on Education and Health sector. It is also facing low ration of urban population which results in low population involvement in higher waged service sector. Its dissatisfying trade facilities are also a weak area which needs proper attention. As we see the India, it stands on third position in this disparity table because of its large population structure. Large population is the sole factor behind low per capita expenditure on health and Education. Adult literacy is very low and female participation is also at its bottom place. Corruption, low transparency and low ranking in Gender equality creates unfavorable environment for establishment of new businesses and hence India have to stand on third rank. But these sectors are those which can be made favorable through a little bit effort and awareness to minimize disparity.

**3. Lagging Zone:-** The third and bottom zone is named as Lagging Zone, includes rest nations in the descending order from Bhutan(-0.09), Pakistan(-0.35), Bangladesh(-0.55), Nepal(-0.73) and Afghanistan(-1.51). The value range for this zone is below zero, means all nations having negative value comes under this category. Bhutan is in leading position because of its highest working population ratio, higher ratio of urban population, higher spending on Education and Health sector both in terms of GDP and per Capita and the higher value of Gender equality. But rests are not in good condition. Worst scenario has been seen in Afghanistan where despite the highest GDP growth rest indicators are in lowest phase and hence it could not get any advantages of inclusive growth of the nation. Afghanistan must be focused its policies to the facilitation of infrastructure, to avoid corruption, to promote transparency and gender equality and for betterment of services.

**Trends and Triggers :**

Spatial Disparity as a byproduct of developmental activities has been facing by the SAARC nations. Besides it, they have been facing some other development related problems like poor linkages between growth and welfare, increasing living cost, low share in mutual trade, high ratio of unskilled workable population, presence of 250 million undernourished children, 30 million out of school, 600 million people living on USD 1.25 a day (Bloom, D., 2011) and the demoralized passive attitude of some member nations for inclusive efforts.

Despite the presence of all these negative dark cloud, there are so many positive sparks to think about a shiner future of this region. Some trends have been seen in last 8-10 years which helped this area for resilient. These trends includes a substantial share of youth in population, fast pace of urbanization, rising share of service sector in GDP and transformation of agriculture. Some remarkable trends have also been seen in recent years which will show their full fledged positive impact in near future very soon, as follows:-

A.  **Individual Empowerment:-** A wave of empowerment of common man has been seen in recent years through access to information and technology, awareness about Right to information, implementation of policies related Transparency and Accountability in governance in the whole region. Examples are Anti-monarch movement in Nepal, Independence of Judiciary Movement in Pakistan, Anna Hazare movement against Corruption in India etc.

B.  **Dominancy of Youth Population:-** The percentage of working population aged 14-65 years to the total population in this region is nearly 60 and 0-14 years to the total population is nearly 35 means as today this South Asian region will remain the home of energetic youth population for the next half century also (Kabir, 2013). Indirectly it will be a place of mobility, innovations and service providers which ultimately enhance its growth rate rapidly.

C.  **Emergence of New Power Centers:-** It is a time of emergence of a number of small power clusters instead of a single centralized power hub (Prasad & Weishi, 2011). In the form of Civil Societies, Self-Help Groups and Micro Entrepreneurs, these power clusters have been evolved which promote decentralization in administration and planning which enhance grass-root level growth profile.

D.  **Globalization of Market:-** Innovations in telecommunication sector is a bless to traders and service providers. Through Social websites and on line interaction, the business ideas have been touching new heights. New avenues have been opening for innovators. They can easily expand their reach and grab consumers from all over the world. Today, handicraft, Khadi and Hand Weaving cloths, Hand stitched sports equipments, Local traditional cuisines, Ayurveda, yoga and software etc. are some examples of why this region have been preferring by consumers.

**Barriers in the Regional Development:**

All above these trends show that the road of development in SAARC nations is hustle free but not so smooth. Some barricades are also present in this road without their removal; the dream of bright future will remain dream only. These barriers are as follows:-

•  **Low investment on Human Capital:-** The public spending in Education and Health sector remains dismally low which means this region will remain a hub of largest unhealthy and unskilled working population (Haldar & Mallik, 2010). Which further means millions of working hour which would be used for the development of this region, wasted completely or will become responsible for any unwanted active/ armed movement to split the region.

•  **Negligible efforts to redress disasters:-** The South Asian region is surrounded from natural calamity prone areas. In north the region is prone to earthquake while the southern part is prone to sea level change. Here both human made and natural disasters like flood, drought, earthquake, landslides and temperature variation due to climate change are

a regular feature of climate. A study made by Kumar and Parikh(2001) showed that even after accounting for farm level adaptation, a 2 degree rise in mean temperature and a 7 % increase in mean precipitation will reduce net revenues by 8.4 % in India. Wheat yields are predicted to decline by 6% to 9% with increase 1 degree centigrade in temperature in Pakistan calculated by Sultana and Ali in 2006. Some studies have been done for other nations also which present horrible picture of impact of climate change on growth of region.

- **Threat of Terrorism and Separatism:**- Though the problem of Terrorism have worldwide impression but the SAARC nations have been suffering from this problem with high severity from more than three-four decades. Of course, Afghanistan and Pakistan are most sufferers but situation of others is not comfortable too.

- **Rigid and non-cooperative attitude of some nations:-** Rigidity of behavior about South Asian Free Trade Association (SAFTA) and Non-Tariff Barriers (NTB), non-cooperation due to their internal politics creating a fearsome environment which ultimately harmful for regional growth.

The future of split free development of SAARC nations depends on how appropriately they capitalize upon new trend fields and how they can maneuver the barriers in their favour.

**Suggestions for Minimizing Disparity:**

"The political and economic reform agenda(..) assumes that while market forces play some role in the creation of our current level of inequality, market forces are ultimately shaped by politics. We can reshape these market forces in ways that promote more equality. We can make markets work or at least work better. The Great Recession did not create the country's inequality but it made it much worse (..), and it further limited a large segment of the population's access to opportunity. With the right policies (..), we can make things better. It is not a matter of eliminating inequality or creating full equality of opportunity. It's just a matter of reducing the level of inequality and increasing the extent of equality of opportunity." Joseph Stiglitz (2013),

Stiglitz work is based on United States but his remarks can be very well be applied to SAARC nations also. Following are some suggestions to minimize the inequalities:-

- Efforts should be made towards domestic resource mobilization to reduce intra-nation disparity.

- Tax reforms must be applied as both direct and indirect taxes have narrow base and high compliance and administrative costs (Ahmed, S., 2011).

- Need to realize the importance of local knowledge and build social capital around this knowledge base (Malecki 1998)

- Spread of Social Accountability tools which can strengthen demand side accountability and enabling the community to demand better service delivery (Agarwal, P., 2013).

- Focus on research of Social innovations as pro-poor and informal innovations have greater diffusion at local levels

in turn increasing productivity of poor. (Westly and Antadze, 2010)

- Need to be more visionary regarding the expansion of SAARC Development Fund. In social sector security of respectful life should be the ultimate aim of all nations.

- SAARC Development Fund needs to coordinate with national planning and development department of all member nations for better disbursement of fund (ESCAP, 2001).

- Ghani (2013) suggested that in order to reduce growth disparities in SAARC region, fiscal transfer should be made to the lagging region because these regions spend less on social services and have low tax GDP ratio.

- In this region resources should be diverted from the subsidy oriented programmes to provision of Education, Health and Infrastructure etc. (Suleri et.al, 2013)

- To break poverty trap, more and more spending should be towards provisions of job opportunities and fulfillment of basic needs.

- Kabir (2013) supports the idea of 'Protecting Worker' rather than 'Protecting Work' with a special focuses on youths for creating a long term impact on growth.

- SDF can link the future release with present reforms and their success.

- Land Locked states and areas have higher concentration of poor because of low trade opportunity and that's why they remain bounded with low waged traditional works.

So, efforts should be made towards-

- ❖ Removing barriers to trade.

- ❖ Allowing free worker movement (UNDP, 2005)

- ❖ Coordinating fiscal policies.

- ❖ Use of social media for bridging the information gap.

- ❖ Enhancing intra-regional trade with in South Asian Region.

- ❖ Connectivity of the cities as a tool for shared growth among the regional economies (Agarwal, 2013).

- ❖ Application of a holistic approach in policies formation otherwise Environment Conservation Programmes and Development Activities may contradict each other.

**Conclusion**

Role of cities as engines of growth, integrated supply chain, transparent administration and environment friendly development activities are the best instrument to reduce disparity and to enhance human capital for split free, sustainable development of the SAARC nations. It is right time to shift the regional growth figure which is nearly 6% towards human welfare figure and for this it is compulsory to strengthen the social safety net by coordinating micro and macro-economic policies.

We need two parallel strategies, one that would take care of the growth with environment protection and the other that would simultaneously take care of distributing the benefits of growth in a manner that also favours the excluded segments of society (Devrajan & Ijaz,

2006). So that the intra and inter regional disparity may be stretched up to its minimum stage to avail maximum positive impact of development on the whole society.

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