

Interstate Disparity in Economic Growth: Indian Experience

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THE present paper makes an attempt to assess the performance of the 17 states of India in economic growth with respect to their 'Net State Domestic Product'. In order to assess the economic performance of the States, the criterion of Net State Domestic Product (and not Net State Domestic Income) has been used. The criterion of NSDP has been considered preferable to the NSDI, because the income earned by a state may not necessarily show the level of the productivity of the State's resources which, in the opinion of the present author, is more reliable indicator of economic growth, especially in a developing country like India where the level of the productivity of the resources is considerably lower.

The methodology used in this paper is essentially a simple one and involves the use of elementary statistical techniques. The comparison of the performance of the states has been made at two points of time viz. 1975-76 and 1986-87. Similarly, the share of the states in the total NSDP of all the states has been compared at the two points of time, viz. 1975-76 and 1986-87. The use of percentages and some simple ratios, which will be clear in the course of discussion, has been made in the present paper.

Table-1 shows that the total NSDP of all 17 states together increased from Rs. 369 billions to Rs. 564 billions in the period under study. This shows that the total NSDP of all states together increased by 53 per cent in eleven years. However, when we compare the performance of individual sta-

tes in the growth of NSDP, we note that only 6 states (viz. Haryana, Jammu and Kashmir, Karnataka, Punjab, Tamil Nadu and UP) had the growth in their NSDP above the overall average (viz. 53 per cent). This means that as many as 11 out of 17 states had the growth in their NSDP less than the overall average of 53 per cent in 11 years. This is an important disparity in the economic performance of the states in India.

When we compare the share of the 17 states in the total NSDP from 1975-76 to 1986-87, the following observations can be easily had:

1. Five states, viz. Haryana, MP, Punjab, Tamil Nadu and UP, improved their shares in the total NSDP. These five states together, accounted for 33.6 per cent of the total NSDP in 1975-76 but they accounted for 36.4 per cent of the total NSDP in 1986-87.

2. Seven states viz. Bihar, Gujarat, Kerala, Maharashtra, Orissa, Rajasthan and West Bengal had a reduction in their share of the total NSDP. They together accounted for 48.1 per cent of the total NSDP in 1975-76 but their share dropped to 45.6 per cent in 1986-87.

An equitable distribution of economic growth would expect that the share of a state in the total NSDP is consistent with its share in the total population of the country. The disparity, if any, should be progressively narrowed down. From this point of view, when we compare the shares of the states in the total NSDP with their shares in the total population of the country, Table-1 shows that:

1. In 1975-76, Assam Bihar Jammu & Kashmir, Kerala, MP,

Orissa, Rajasthan, Tamil Nadu and UP, (i.e. 9 out of 17 states) had their shares in the total population greater than their shares in the total NSDP. These states together, accounted for 58.7 per cent of the total population but they had only 47.5 per cent of the total NSDP of the country, in 1975-76. We call them 'Less Developed States' (LDS)

2. The remaining 8 states viz. AP, Gujarat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Punjab, and West Bengal had 41.3 per cent of the total population but they had 52.5 per cent of the total NSDP of the country. We call them 'More Developed States' (MDS).

3. In 1986-87, again, 8 states viz. Assam, Bihar, Jammu and Kashmir, Kerala, MP, Orissa, Rajasthan and UP, had their shares in the total population greater than their shares in the total NSDP. Thus they accounted for 51.8 per cent of the total population but they had 40.1 per cent of the total NSDP.

4. In 1986-87, the remaining 9 states, viz. AP, Gujrat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Punjab, Tamil Nadu, and West Bengal accounted for 48.2 per cent of the total population but had 59.9 per cent of the total NSDP.

When we remember the expectation that the share of the total NSDP of a state should be consistent with its share in the total population, it is unfortunate to note that even in 1986-87, the economic growth indicated a considerable degree of disparity. In the interest of an equitable growth of NSDP it is necessary that the Less Developed States should reduce their share in the total population and / or increase their share in the total

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TABLE-1
THE NET STATE DOMESTIC PRODUCT AND THE POPULATION
OF THE STATES OF INDIA
(NSDP in 'Rupees Billion')

State	N. S. D. P.		Population in Millions		Ratio of % Pop. to % NSDP	
	1975-76	86-87	75-76	86-87	75-76	86-87
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Andhra Pradesh	29.8 (8.1)	45.1 (8.1)	47.5 (8.0)	59.5 (7.9)	1.01	1.02
Assam	9.4 (2.5)	14.0 (2.5)	16.6 (2.8)	23.9 (3.2)	0.89	0.78
Bihar	25.3 (6.9)	37.9 (6.7)	61.6 (10.4)	78.7 (10.4)	0.66	0.64
Gujarat	24.4 (6.6)	35.7 (6.3)	29.7 (5.0)	38.1 (5.1)	1.32	1.24
Haryana	10.6 (2.9)	18.5 (3.3)	11.2 (1.9)	15.0 (2.0)	1.53	1.65
Himachal Pradesh	2.7 (0.7)	4.1 (0.7)	3.8 (0.6)	4.8 (0.6)	1.17	1.17
Jammu & Kashmir	2.9 (0.8)	4.7 (0.8)	5.2 (0.9)	6.9 (0.9)	0.89	0.89
Karnataka	26.6 (5.9)	33.4 (5.9)	32.3 (5.4)	41.8 (5.6)	1.09	1.05
Kerala	14.2 (3.7)	18.0 (3.2)	23.2 (3.9)	28.2 (3.7)	0.95	0.86
Madhya Pradesh	23.1 (6.1)	34.8 (6.2)	46.1 (7.8)	58.9 (7.8)	0.78	0.79
Maharashtra	48.6 (13.2)	73.0 (12.9)	55.7 (9.4)	70.4 (9.3)	1.40	1.39
Orissa	11.5 (3.1)	15.7 (2.8)	24.0 (4.1)	29.2 (3.9)	0.77	0.72
Punjab	17.8 (4.8)	32.2 (5.7)	14.8 (2.6)	18.9 (2.6)	1.85	2.19
Rajasthan	17.1 (4.6)	25.2 (4.5)	29.0 (4.9)	39.8 (5.3)	0.94	0.85
Tamil Nadu	26.8 (7.3)	43.8 (7.8)	44.7 (7.6)	53.1 (7.1)	0.96	1.10
Uttar Pradesh	46.1 (12.5)	75.7 (13.4)	96.7 (16.3)	124.6 (16.6)	0.77	0.81
West Bengal	37.0 (10.0)	52.1 (9.2)	49.6 (8.4)	60.9 (8.1)	1.20	1.14
Total	369.0	564.0	591.7	752.7		

Notes: (1) Figures in the brackets show percentages to total.

NSDP. During 1975-76 to 1986-87, the share of the LDS in the total population reduced from 58.7 per cent in 1975-76 to 51.8 per cent in 1986-87, indicating a fall of 11.7 per cent during that period.

However, unfortunately, their share in the total NSDP also fell from 47.5 per cent in 1975-76 to 40.1 per cent in 1986-87, showing thereby a fall of 15.6 per cent. Thus, in the case of the LDS, the proportionate fall in their share of the NSDP has been greater than the fall in their share of the total population. Thus, there has taken place, some deterioration in the economic

position of the LDS in the field of their shares in the population and the total NSDP.

We also note that 7 states, viz. Assam, Bihar, Jammu & Kashmir, MP, Orissa, Rajasthan and UP, have been included in the group of LDS in 1975-76 and also in 1986-87 which shows, at least to some extent, the perpetuation of the disparity of economic growth in India.

We look at the growth experience of the 17 states from yet another angle and that is the ratio of the per cent share of an individual state in the total NSDP to its share in

the total population. If the value of this ratio is less than one it will be called 'Unfavourable' and a value greater than one will be called 'Favourable' In this context, the Table-1 shows that (Col. No. 7 and 8)

1. In the case of eight states the ratio was favourable in 1975-76 and it was unfavourable in the remaining nine states in the same year. (2) In 1986-87, the ratio was unfavourable in 8 out of 17 states. (3) In the case of five states viz. Assam, Bihar, Kerala, Orissa and Rajasthan the ratio was not only unfavourable in 1975-76 but also worsened further in 1986-87. (4) In the case of the four states viz. AP, Haryana, Punjab, and Tamil Nadu there had been an improvement in the ratio during 1975-76 to 1986-87. (5) The States having the ratio unfavourable, accounted for 58.7 per cent of the population in 1986-87. The above observations indicate that even in 1986-87, there was considerable disparity in the economic growth in India.

Economic growth with social justice has always been an important objective of Indian planning. Unfortunately the experience has been quite discouraging. In other words, there has been neither sufficient growth nor sufficient social justice. According to the NSS 43rd Round, the percentage of population below the poverty line is found to be 29.23 in 1987-88. Incidentally, the states having incidence of poverty in 1987-88, greater than the all India incidence of poverty in 1983-84, (viz. 37.4 per cent) have been found to be, Bihar (with 40.74 per cent of the population below the poverty line) and Orissa (having 37.90 per cent of its population below the poverty line).

In other words, if the ratio of the share in the NSDP to the share in the population is unfavourable (i.e. less than one) the percentage of the population below the poverty line is likely to be higher. It is, therefore, essential that, if poverty eradication is the objective of the economic growth in future, more attention will have to be paid to the growth of production in the Less Developed States, in the Five Year Plans to come in general and in the Eighth Five Year Plan in particular.