

Are the Eastern States of India catching up the Western States? - Comparison of West Bengal, Maharashtra and Bihar in respect of Growth

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Abstract: The western states of India like Himachal Pradesh, Gujarat, Maharashtra, Kerala etc. are traditionally developed states in India. Whereas, the Eastern states like Assam, Bihar, Odisha are poorer states. The economy of West Bengal which was developed at the time of independence has gradually declined. Now in recent times (in 2016-17) we have seen a high rate of growth of state domestic product of these Eastern states. These growth rates of Eastern states are also discussion topics of recent newspapers. In this context this paper examines the economic growth of two Eastern states (West Bengal and Bihar) with one Western state (Maharashtra) taking data from 1990-91 to 2016-17.

Keywords: Economic growth, development, NSDP, PCNSDP.

Traditionally the Western states of India like Kerala, Maharashtra, Gujarat, Haryana and Himachal Pradesh were developed states in India and the Eastern states like Assam, Bihar, Odisha were among the under developed states. But in recent times we have seen high growth of GSDP (more than 10% in Bihar, 8% in West Bengal) in these states (in 2016-17). Now there arises one question- whether the Eastern states of India are catching up the Western states? To find out whether writings about the high growth rate of these Eastern states are based on empirical studies or not, we draw a comparison among three states- West Bengal, Maharashtra and Bihar- two states from Eastern India (West Bengal and Bihar) and one state from Western India (Maharashtra). We

know that Maharashtra is a developed state, West Bengal economy is a medium size economy and Bihar was a so-called poor state among the states of India. Though the economy of West Bengal has been undergoing a substantial structural change in favour of non-farm activities since the early 1990s but its income pattern has not changed so much. There lies a gap between the change in income share and employment share, particularly in the commodity sector.

Maharashtra is the most industrialized state in India and its per capita nsdp is higher in Indian standard. It has vast land area and population density is lower than many major states in India. Whereas in case of Bihar, most of the inhabitants are dependent on agriculture. Agriculture engages nearly three-fourths of its population and Bihar is one of India's top producers of vegetables and fruits. Despite significant gains in mining and manufacturing in the last decades, the state has continued to lag behind other Indian states in per capita income.

Table 1: NSDP and its annual growth rate of Maharashtra, West Bengal and Bihar at constant prices (in billion Rupees) from 1990-91 to 2016-17

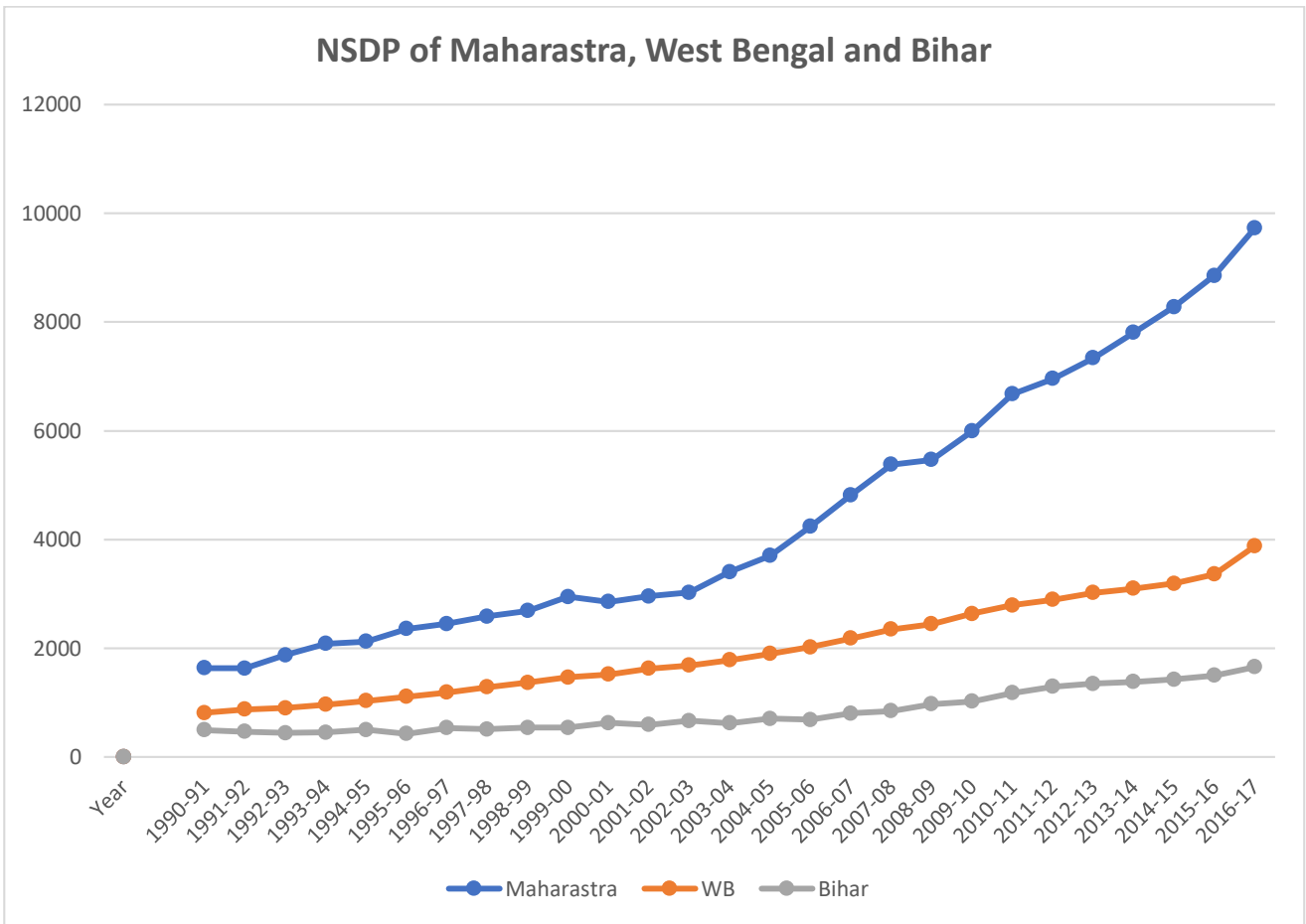
Year	nsdp_ Maha	gr_nsdp_ Maha	nsdp_ WB	gr_nsdp_ WB	nsdp_ Bihar	gr_nsdp_ Bihar
1990-91	1634.8	4.50%	809.36	5.25%	494.19	9.37%
1991-92	1629.7	-0.31%	872.73	7.83%	466.24	-5.66%
1992-93	1876.14	15.12%	898.7	2.98%	438.62	-5.92%
1993-94	2083.17	11.03%	964.09	7.28%	449.68	2.52%
1994-95	2123.62	1.94%	1031.08	6.95%	501.25	11.47%
1995-96	2357.9	11.03%	1108.17	7.48%	423.75	-15.46%
1996-97	2450.91	3.94%	1185.16	6.95%	531.67	25.47%
1997-98	2586.16	5.52%	1284.52	8.38%	506.46	-4.74%
1998-99	2689.1	3.98%	1366.47	6.38%	538.38	6.30%
1999-00	2945.2	9.52%	1464.75	7.19%	538.57	0.03%
2000-01	2854.73	-3.07%	1516.09	3.51%	627.24	16.46%
2001-02	2955.58	3.53%	1625.58	7.22%	591.27	-5.73%
2002-03	3023.8	2.31%	1682.55	3.51%	666.04	12.65%
2003-04	3403.41	12.55%	1781.42	5.88%	623.09	-6.45%
2004-05	3700.23	8.72%	1900.29	6.67%	701.67	12.61%

2005-06	4236.32	14.49%	2019.94	6.30%	684.19	-2.49%
2006-07	4819.83	13.77%	2178.49	7.85%	802.6	17.31%
2007-08	5380.81	11.64%	2347.98	7.78%	844.15	5.18%
2008-09	5465.33	1.57%	2442.62	4.03%	972.84	15.24%
2009-10	5993.38	9.66%	2632.3	7.77%	1019.38	4.78%
2010-11	6676.25	11.39%	2791.91	6.06%	1175.03	15.27%
2011-12	6959.04	4.24%	2894.32	3.67%	1295.21	10.23%
2012-13	7336.96	5.43%	3018.39	4.29%	1346.12	3.93%
2013-14	7808.7	6.43%	3098.21	2.64%	1382.36	2.69%
2014-15	8280.97	6.05%	3191.31	3.00%	1427.37	3.26%
2015-16	8854.19	6.92%	3361.19	5.32%	1498.6	4.99%
2016-17	9724.9	9.83%	3615.17	7.56%	1656.26	10.52%

Source: Data taken and calculated from Hand book of statistics on Indian Economy, RBI (2018)

From table-1 of state nsdp, it is seen that in 1990-91 net state domestic product of Bihar was 494 billion rupees and in case of West Bengal and Maharashtra, it was 809 billion and 1634 billion rupees respectively. This means that the economy of West Bengal was almost double than that of the economy of Bihar and Maharashtra's economy was double than that of West Bengal. Over the years this gap widened for Bihar, West Bengal and Maharashtra. In 2016-17, it was 1656, 3615 and 9724 billion rupees in case of Bihar, West Bengal and Maharashtra respectively. The growth rate of nsdp in case of Bihar fluctuated frequently in the financial years. In case of West Bengal there was a steady increase of nsdp and in case of Maharashtra it is very high except a few years.

In the line diagram below, nsdp over the years of these three states are shown. The blue line is for Maharashtra, the red line for West Bengal and the lime line is for Bihar. From the diagram it is seen that the red line always lies above the lime line and the blue line lies above the red line.



In the bar diagram the growth rate of nsdp of these three states are shown. From the diagram it is seen that the line line (Bihar) fluctuates frequently. The red line (West Bengal) has a steady growth rate and the growth rate of blue line (Maharashtra) is highest among the three lines except some years.

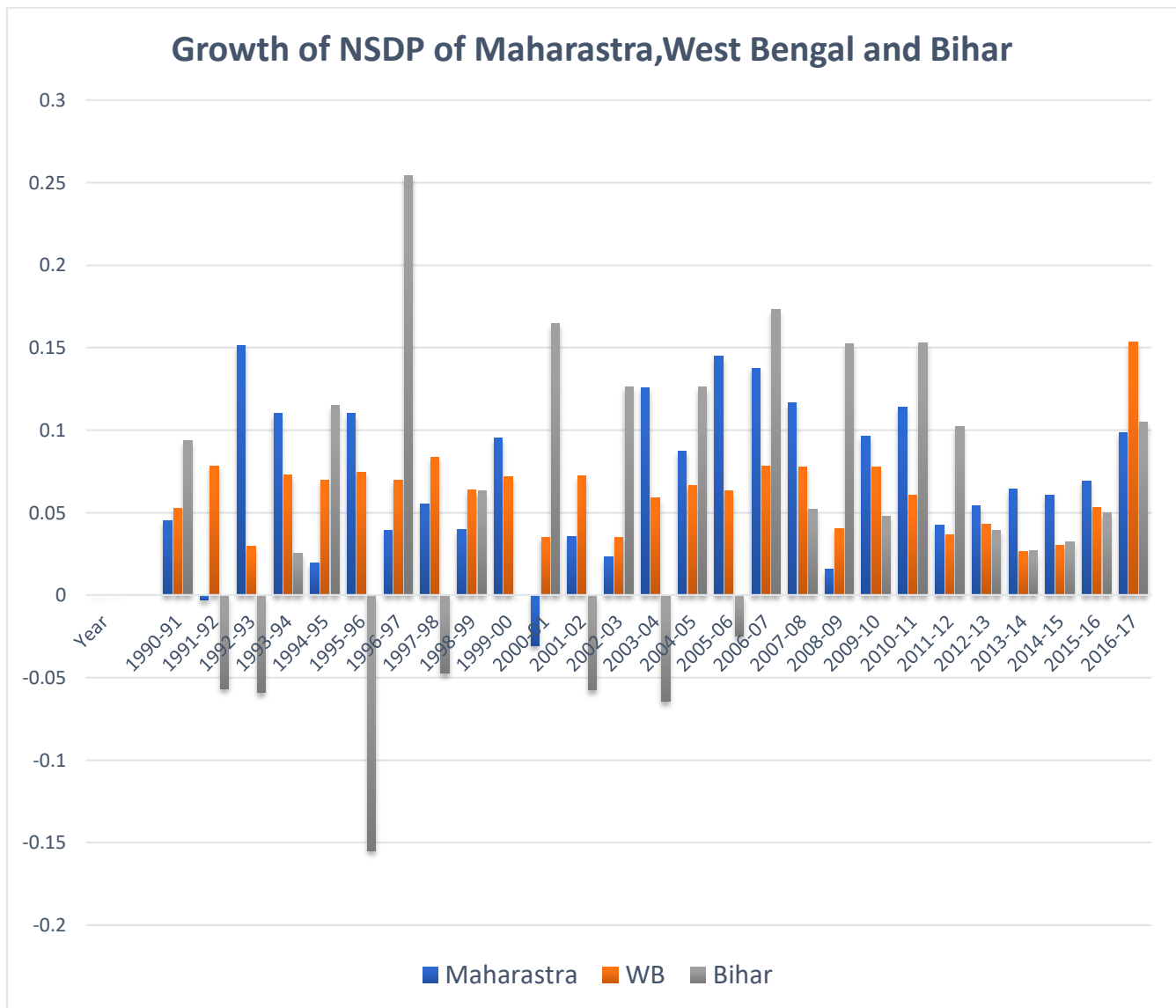


Table 2: Per capita net state domestic product (in rupees) of Maharashtra, West Bengal and Bihar in some selective years

Year	Maharashtra	West Bengal	Bihar
1990-91	2641	2145	1197
1993-94	9796	6756	3037
1996-97	13206	7880	3338
1999-00	13298	9320	5786
2002-03	19509	17568	6658
2005-06	36102	23808	7588

2008-09	43685	27914	10297
2011-12	56634	32164	21750
2014-15	111370	54520	23223
2016-17	131853	61245	25950

Source: Data taken from RBI Handbook of Statistics on Indian States (2018), (base year not adjusted)

From table 2, it is seen that Per capita net state domestic product in case of Bihar in 1990-91 was rupees 1,197 and it was 2,145 and 2,641 rupees in case of West Bengal and Maharashtra respectively. In 2016-17, Bihar has progressed a little and its per capita nsdp is rupees 25,950. In case of West Bengal, it is rupees 61,245. It is more than double of Bihar's per capita nsdp for the same year and the per capita nsdp of Maharashtra in 2016-17 is rupees 1,31,853. So, it is seen that though the recent high growth rates of gross state domestic product in case of Bihar and West Bengal have not been reflected on their per capita income. So, from the above discussion we can say that the Eastern states must go a long and hard way to catch up the Western states of India.

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