

# Economic Dimension of Selected Indian States

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## Abstract:

The main objective of the present paper is to measure the economic dimension of the selected Indian states and also to make a comparison on the basis of economic indicators. This paper utilized the secondary data which is derived from the website of Reserve bank of India, government of India, newspapers, and economic survey reports of the states and official websites of each of the selected states of India. The secondary data has been collected for a period of five years from 2009-10 to 2013-14 before BJP Government. It is found from the present paper that the economic indicators of selected states from different regions are different which clearly shows the regional imbalance in Indian economy. GSDP and NSDP both have shown increase in terms of amount thus it show that development level of Indian states are increasing

**KEYWORDS:** India, Economy, Economic Dimension, States, GDP and NSDP.

## Introduction:

Indian economy have shown a healthy growth rate in gross domestic product during 2004 to 2008 and same level of high growth rate have also recorded in key macroeconomic indicators of Indian economy. But this continuous increasing trend in growth rate got hindered by the North Atlantic financial crisis (NAFC) in the year 2008. However, the growth of Indian economy return to normal level initially in response to large monetary and fiscal stimuli but the growth rate of Indian economy had slowed down significantly afterwards which result into a substantial widening of the current account and fiscal deficits during the period 2008-09. Inflation has also risen to an elevated level due to the crisis of 2008.

Researchers, economists, investors and even the foreign countries have a keen interest in knowing the economic dimension of India. Just as the performance of a system depends upon the performance of its components similarly, economic performance of a country depends upon the performance of its state's GDP which is produced by the nation people who are living in different states of India. Therefore, it is essential to measure the economic direction of the state's first, in order to have a deeper understanding and analysis of economic performance of a country as a whole.

## Research Gap:

In this section the studies related to various economic indicators and their relationship with the growth of the economy has been discussed. Various studies have showed the relation between economic development and growth of GDP. But, The majority of the study have measured economic development at national level, or have made a comparison of various economies but very few studies are available where the economic development at state level has been measured or analyzed by the researchers. This paper will be an attempt in the direction of filling this gap.

## Objective

Following are the main objective of the research:

- To make a comparative analysis of Indian States on the basis of economic indicators.

## Research Methodology

In the Current study, whole India has been divided into six different regions such as, northern, northeastern, western, eastern, southern, and central region. From each region two states have selected for the purpose of study on the basis of their Gross state domestic product (GSDP). Two states from each region with highest amount of GSDP have been selected. The purpose behind dividing the whole India into different regions is to do an evenly study which can cover almost all the areas instead of focusing on only on major states. The sampling plan has been given in detail in the following section.

Table 1: Sampling Scheme

INDIA					
Northern Region	North-Eastern Region	Eastern Region	Central Region	Western Region	Southern Region
1.Haryana	1.Assam	1.Bihar	1.Chhattisgarh	1.Goa	1.Andhra Pradesh
2.Punjab	2.Manipur	2.Jharkhand	2.Madhya Pradesh	2.Gujarat	2.Kerala
3.Himachal Pradesh	3.Tripura	3.Odisha	3.Uttar Pradesh	3.Maharashtra	3.Karnataka
4.Rajasthan	4.Meghalaya	4.Sikkim	4.Uttarakhand	4.Daman & Diu	4.Tamil Nadu
5.Delhi	5.Mizoram	5.West Bengal		5.Dadra and Nagra Haveli	5.Lakshadweep
6.Chandigarh	6.Nagaland	6.Andaman & Nicobar Islands			6.Puducherry
7.Jammu & Kashmir	7.Arunachal Pradesh				7.Telangana

From the above table I, the states which have been selected from each region on the basis of gross state domestic product are as follows:

Eastern region: Haryana and Rajasthan, North-Eastern Region: Assam and Tripura, Eastern Region: Bihar and West Bengal, Southern Region: Andhra Pradesh and Tamil Nadu, Western Region: Gujarat and Maharashtra. Thus a total of twelve states have been selected as a sample which is one third of the total Indian states which is 36. Thus our sample size is one third of our population which is a sufficient sample size which has cover almost all the major states from different regions of India.

The reason behind selection of states on the basis of GSDP is that, GSDP is the highly accepted economic indicator by the economist and researchers which shows the development level of economic development of a state. Therefore the states which are having highest amount of GSDP can be taken as a representative state of that particular region on which basis we can predict the economic direction of the whole region. In the study following economic indicators are used:-

**Growth rate of GSDP:** GSDP can be defined as an aggregate of all goods and services produced within the boundaries of the State during a given period of time.

$$\text{Growth rate of GSDP} = \frac{\text{GSDP current year} - \text{GSDP previous Year}}{\text{GSDP previous Year}} * 100$$

**Growth rate of NSDP:** NSDP can be defined as as an aggregate of all goods and services produced within the boundaries of the State during a given period of time after deducting the wear and tear or depreciation, accounted without duplication.

$$\text{Growth rate of NSDP} = \frac{\text{NSDP current year} - \text{NSDP previous Year}}{\text{NSDP previous Year}} * 100$$

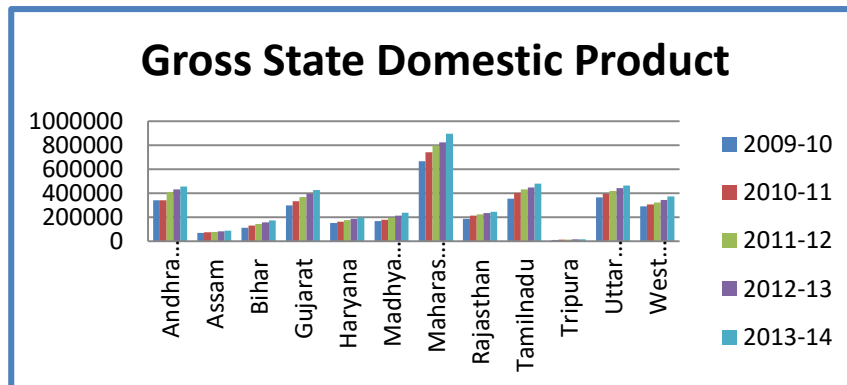
**Growth rate of Per capita NSDP:** Per capita NSDP is calculated by dividing the Total value of NSDP by the total population of that state.

Growth rate of Per Capita NSDP :

$$((\text{Per Capita NSDP current year} - \text{Per capita NSDP previous Year}) / \text{Per capita NSDP of previous year}) * 100$$

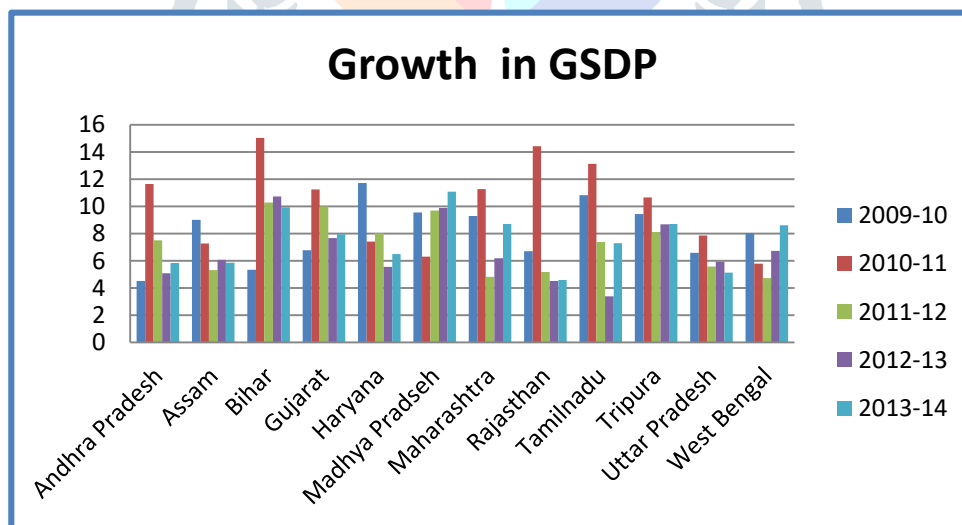
**Data analysis:**

The following section explains the comparative analysis of the economic indicators of the selected Indian states for last five years.



Graph 1: Gross State Domestic Product

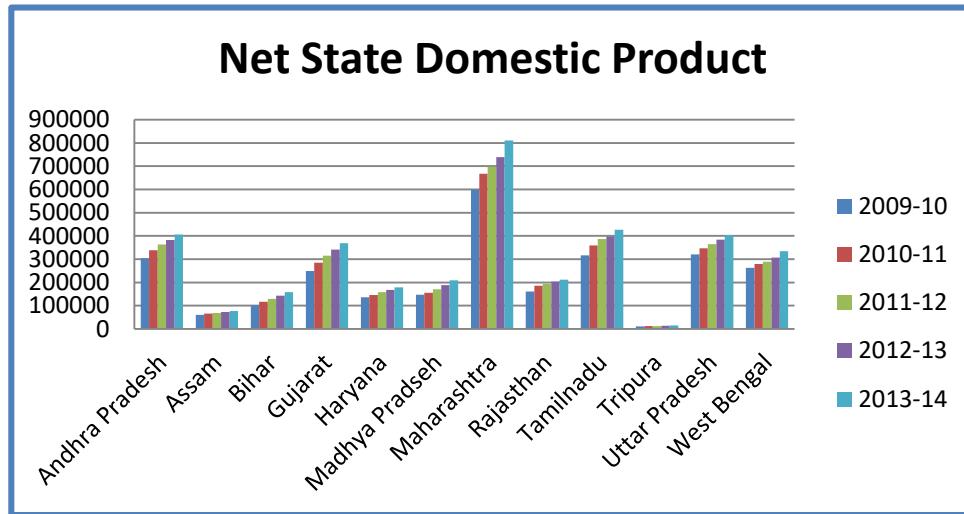
Interpretation: It can be interpreted from the graph 1 that as per the amount of GSDP, Maharashtra is leading state in comparison to other states, followed by Tamil Nadu, Gujarat and Uttar Pradesh respectively. Tripura state is having lowest amount of GSDP in comparison to other states. While overall the trend in amount of GSDP for all the states have shown an increasing trend from last five years.



Graph 2: Growth in GSDP

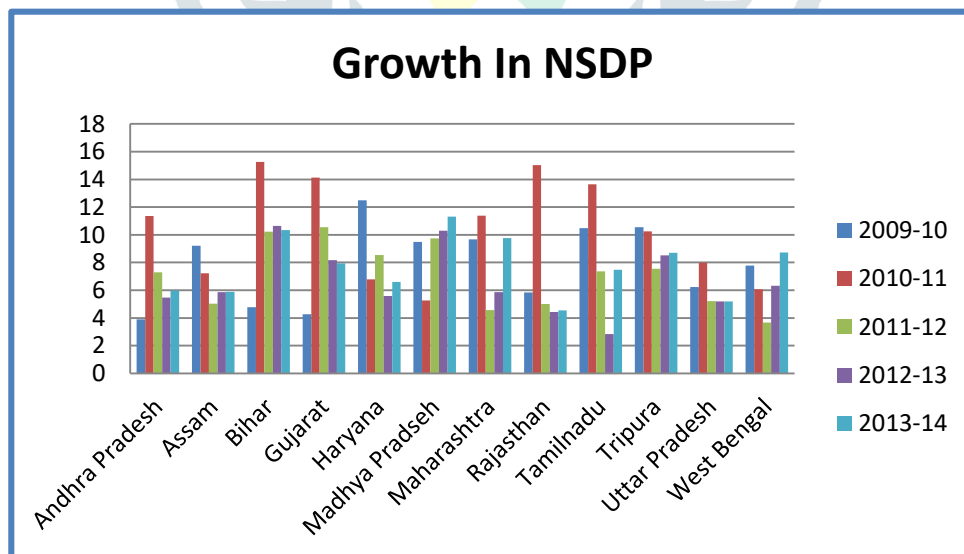
Interpretation: It can be interpreted from the graph 2 that growth rate of GSDP has seen up and down during last five years for all the twelve selected states in the study. In the year 2009-10, the highest growth rate in GSDP was of Haryana state while lowest growth rate in GSDP was of Andhra Pradesh. In the year 2010-11, the highest growth rate in GSDP was of Bihar state while lowest growth rate in GSDP was of West Bengal. In the year 2011-12, the highest growth rate in GSDP was of Bihar state while lowest growth rate in GSDP was of West Bengal. In the year 2012-13, the highest growth rate in GSDP was of Bihar state while lowest

growth rate in GSDP was of Tamil Nadu. In the year 2013-14, the highest growth rate in GSDP was of Madhya Pradesh state while lowest growth rate in GSDP was of Andhra Rajasthan. Thus overall neither of the state has shown a consistent increase or decrease in growth rate in GSDP during last five years.



Graph 3: Net State Domestic Product

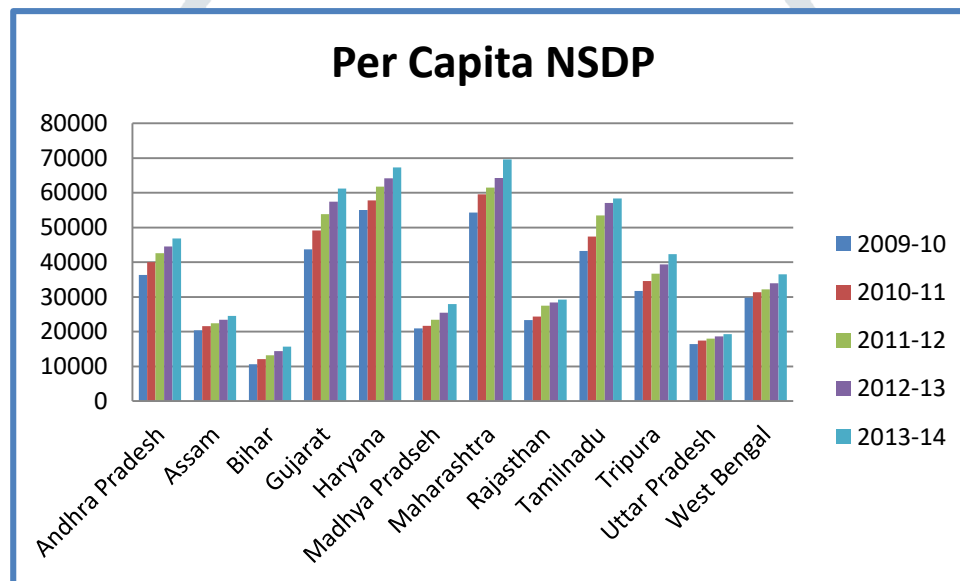
Interpretation: It can be interpreted from the graph 3 that as per the amount of NSDP, Maharashtra is leading state in comparison to other states, followed by Tamil Nadu, Andhra Pradesh and Uttar Pradesh respectively. Assam and Tripura state is having lowest amount of NSDP in comparison to other states. While overall the trend in amount of NSDP for all the states have shown an increasing trend from last five years.



Graph 4: Growth in NSDP

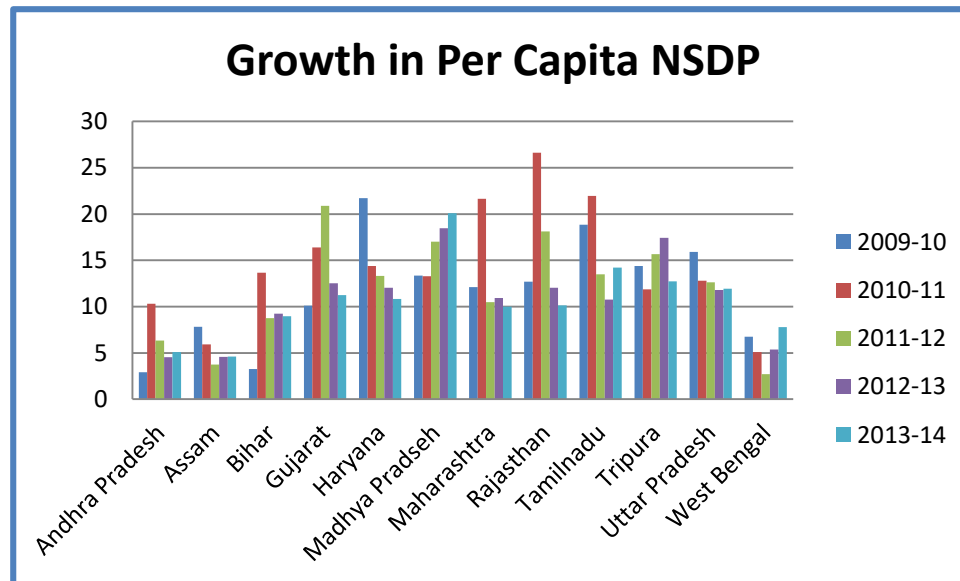
Interpretation: It can be interpreted from the graph 4 that growth rate of NSDP has seen increase and decrease during last five years for all the twelve selected states in the study. In the year 2009-10, the highest growth

rate in NSDP was of Haryana state while lowest growth rate in NSDP was of Andhra Pradesh. In the year 2010-11, the highest growth rate in NSDP was of Bihar state while lowest growth rate in NSDP was of Madhya Pradesh. In the year 2011-12, the highest growth rate in NSDP was of Gujarat state while lowest growth rate in NSDP was of West Bengal. In the year 2012-13, the highest growth rate in NSDP was of Bihar state while lowest growth rate in GSDP was of Tamil Nadu. In the year 2013-14, the highest growth rate in NSDP was of Madhya Pradesh state while lowest growth rate in NSDP was of Tamil Nadu. Thus overall neither of the state has shown a consistent increase or decrease in growth rate in NSDP during last five years. While tremendous increase can be seen in the growth rate of Madhya Pradesh, in the year 2010-11, it was having lowest growth rate in NSDP while in 2013-14, it was having highest growth rate in NSDP. From last four years the growth rate of NSDP of Madhya Pradesh has shown an increasing trend. Tamil Nadu has shown a major decrease in the growth rate of NSDP from 2009-10 to 2013-14.



Graph 5: Per capita NSDP

Interpretation: It can be interpreted from the graph 5 that as per the amount of per capita NSDP, Maharashtra is leading state in comparison to other states, followed by Haryana, Gujarat and Tamil Nadu respectively. Bihar and Tripura state is having lowest amount of per capita NSDP in comparison to other states. While overall the trend in amount of per capita NSDP for all the states have shown an increasing trend from last five years.



Graph 6: Growth in Per Capita NSDP

Interpretation: It can be interpreted from the graph 6 that growth rate of PER CAPITA NSDP has seen increase and decrease during last five years for all the twelve selected states in the study. In the year 2009-10, the highest growth rate in PER CAPITA NSDP was of Haryana state while lowest growth rate in PER CAPITA NSDP was of Andhra Pradesh. In the year 2010-11, the highest growth rate in PER CAPITA NSDP was of Rajasthan state while lowest growth rate in PER CAPITA NSDP was of West Bengal. In the year 2011-12, the highest growth rate in PER CAPITA NSDP was of Gujarat state while lowest growth rate in PER CAPITA NSDP was of West Bengal. In the year 2012-13, the highest growth rate in PER CAPITA NSDP was of Madhya Pradesh state while lowest growth rate in GSDP was of Andhra Pradesh. In the year 2013-14, the highest growth rate in PER CAPITA NSDP was of Tamil Nadu state while lowest growth rate in PER CAPITA NSDP was of Assam. Thus overall neither of the state has shown a consistent increase or decrease in growth rate in PER CAPITA NSDP during last five years. While tremendous decrease can be seen in the growth rate of Haryana during last five years. The growth rate of per capita NSDP of Haryana has decreased from 22 percent to 11 percent.

### Conclusion

It is found from the current study that the economic development of selected states from different regions is different which clearly shows the regional imbalance in Indian economy. GSDP and NSDP both have shown increase in terms of amount thus it show that development level of Indian states are increasing. Maharashtra has found to be top economic indicator value states among the selected states of India at economic development level while west Bengal has found to be the lowest in terms of above these indicators. Therefore government need to focus on this state and should also work for making a balanced growth of all the regions of India<sup>7</sup>.

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