

# Pace and Pattern and Economic Growth: A State Wise Analysis of Indian Economy

*Showkat Ahmad Wani*

Research Scholar, School of Economics, DAVV Indore

## ABSTRACT

The structural change in an economy is an important feature of the economic development process. Structural change becomes a potential source of growth in an economy. This paper examines the pace and pattern among Indian states. The study articulates the indices of structural change and performs time series data analysis for Indian states which were categorized under three sub groups ,Coastal states, Landlocked states and Himalayan States. The paper provides a comprehensive assessment of structural change among Indian states. The analysis relies on a newly constructed dataset comprising Indian states covering the period from 2000 to 2017. Percentage share and compound annual growth of states and sector wise are employed to evaluate the pace and pattern of structural change among Indian states. The study aims at discovering whether structural changes have contributed to economic growth of these states or not. This is achieved by growth rate of states, sector wise growth of states.

***Keywords:****Pace and Pattern, Economic Growth, Gross State Domestic Product, Percapita Income.*

## INTRODUCTION

The structural change which takes place due to economic development results into shifts in the shares of GDP and labour force from primary sector to the secondary and tertiary sector. Kuznets (1966) identifies the shift of resources from agriculture to industry as the central feature of this transformation. It means economic parameters are interrelated and always subject to transformation reflecting mutual interdependence of economic base and superstructure. Indian economy like many other growing economies has also witnessed significant structural changes in recent years. These structural changes indicate that the process of development which began in the early 1950s is still continuing. However the speed of change may vary from one sector of the economy to the other. Structuralists are basically optimistic that the correct mix of economic

policies will generate beneficial patterns of self sustaining growth. An important index of development is a steady decline in the importance of agriculture and allied activities. The share of primary sector in the GDP of India had declined from 59.2 percent in 1950-51 to 12.0 percent in 2011-12, while the share of secondary sector comprising of industries, mining, construction, electricity etc has gone up.

The study suggests that economic growth in the country has induced considerable structural changes at the state level as well. It seems that the treatment of Indian development on the state level is an essential part of any detailed economic study of India. India as whole is the sum of its parts; it will not be realistic to treat India as a whole without accounting for the widely differing experience of the constituent states. There are interstate disparities in the levels of income, industrial growth, agricultural growth, level of literacy, occupational structure, infrastructure etc. Hence the state would seem to provide a much more meaningful, consistent and realistic field of study.

The paper studies the relationship between structural change and growth among Indian states over the 17-year period from 2000-2017. The study aims at discovering whether structural changes have contributed to economic growth of these states or otherwise. This is achieved by the growth rate of different sectors among these states. The study is an attempt to examine whether growth in one state trickles down (or spills over) to growth in another state by using the statistical tests are the Indian states isolated from each other's growth impulses, or, does growth in one state 'lead' to growth in another? If there is no such evidence statistically, then why is it so? In the following section of this study we briefly review the growth experience of the states in an attempt to discern if there are patterns with respect to growth across states do some states generally perform 'better' than other states Based on growth performance classifies the states into coastal states, landlocked states and Himalayan states.

This study thus is articulated to examine the pace and pattern of economic growth among Indian states with respect of three sectors majorly identified as: Primary, Secondary and Tertiary Sector.

## **REVIEW OF LITERATURE**

**Kurian (2000)** attempted a comparative analysis of 15 major states in respect of a variety of indicators bearing on social and economic development. He classified the states into two groups; "Forward" group consisting of Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab and Tamil Nadu,

while the “backward” group consists of Assam, Bihar, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal. The study pointed out that a sharp dichotomy between the forward and backward groups of states had emerged. The author inferred that governmental efforts during 1950-80 achieved only partial success in mitigating regional disparities.

Moreover, **Sanjay K.Hansda (2001)** had analyzed the inter-sectoral linkages as obtained from the Input-Output Transactions the aggregated analysis had observed that services and agriculture did not seem to share much inter-dependence whereas industry had been observed to be the most service intensive sector. Study analyzed that trade, transport services and other services and constructions had been explored as the key sectors. The key sectors in terms of the total of the backward and forward linkages had been also found to be are relatively high index value of vertical integration.

Additionally, **Sastry et al(2003)** had assessed the linkages of growth among the agricultural, industrial, and the service’s sectors in Indian economy, using both the input-output analysis (I-O) and the simultaneous equation frame work during for period 1970-71 to 1999-2000. The Simultaneous framework analysis had also revealed that the fall in agriculture was likely to cause a set back to the industrial output, and the service sector and thus to the overall growth rate of GDP. They concluded that the agricultural sector had still played an important role in determining the overall growth rate of the economy through its linkages with the other sectors of the economy.

**Further K L Krishna (2004)** in his study focused on issues of growth variability and volatility in Indian states. Used the coefficient of variation of year-to-year growth rates for a state as a measure of volatility. Four most volatile states in India were Orissa, Rajasthan, Gujarat and Uttar Pradesh while the three least volatile states were Punjab, Maharashtra and Kerala. The author analyzed that the dispersion of growth rates of states increased considerably in the post reform period (from 15% in 1980s to 27% in 1990s). Further analysis shows that agriculture has a positive impact on industrial and service sector growth. The author however suggested that there is a need for exploring other approaches to explain economic growth from all perspectives

**Kaliraja (2004)** Studies the pattern of economic growth for 15 major states in India and the contribution of these states on India's GDP. His research shows that growth patterns are different among these states. According to study only seven states show a consistent increase in growth. Industry-oriented states are seen to

grow more rapidly and absorb more labor. The increase in investment and growth in the secondary sector have significant relationship with the GDP growth rates of these states.

**Similarly, Rajarshi Majumdar (2004)** In their study entitled, “Human Development in India : Regional Pattern and Policy Issues” has observed that states like Kerala, Maharashtra and Himachal Pradesh put up consistently good performance regarding social and human development indicators, however, Kerala has not been able to convert its social development into economic progress. On the other hand, Gujarat, in spite of its having low Human Development (HD) ranks, have consistently good ranking in per capita Net State Domestic Product (PCNSDP).

**Yoko Kijima and Peter Lanjouw (2005)** analyzed National Sample Survey data for 1987-88 to 1999-2000 to explore the relationship between rural diversification and poverty. According to study there is little consensus regarding the rate of poverty decline during the 1990s, the region level estimates provided here analyzed that aggregate rural poverty fell slowly. The study also examined that agricultural wage employment has grown over time and that a growing fraction of agricultural laborers are uneducated and have low caste status. The Econometric estimates that were used by researchers confirmed that poverty reduction is more closely associated with agricultural wages and employment levels than with non-farm employment growth. However, expansion of non-farm employment influences poverty indirectly, via an impact on agricultural wages.

**In Addition to Shashanka Bhide et al. (2005)** attempted to examine if there are significant trickling down effects or spillover effects of economic growth in one state over the growth in another state in India. The attempt has been mainly to look at statistically significant impulses. From the study it has estimated that the pattern of state-wise growth suggests that growth patterns have been different across the major states except for the trend of relatively slower agricultural growth in all the states. From study it has been concluded that Only six states out of the 15 major states showed consistent acceleration in growth from the 1970s into the 1980s and then into the 1990s. These states could have acted as a source of growth impulse to other states.

**Yoko Kijima and Peter Lanjouw (2005)** analyzed National Sample Survey data for 1987/8, 1993/4 and 1999/0 to explore the relationship between rural diversification and poverty. While there is little consensus regarding the rate of

poverty decline during the 1990s, provided region-level estimates that suggest that aggregate rural poverty fell slowly. Unlike earlier estimates, estimated correlate well with region-level NSS data on changes in agricultural wage rates. From the study it has been concluded that at the all-India level there is little evidence of diversification out of agriculture in rural areas. In particular, the study suggests that since 1987 there has been no decline, indeed some growth, in the share of the adult population in rural areas with primary occupation in agricultural wage labor.

**In connection to it Ruddar Datt (2006)** examined the changing economic structure of different states in the process of development in India. According to study the high share of NSDP from agriculture was the result of high productivity in agriculture with a small reduction of employment share in agriculture. However, the relatively low shares of NSDP in agriculture in poor states like Andhra Pradesh, Rajasthan, Madhya Pradesh, Jammu & Kashmir, Uttar Pradesh and Bihar were due to backwardness of agriculture, low levels of development in industry and services. These states have a very high proportion of workforce dependent on agriculture, with very small proportion drawing their livelihood from industry and services. From the study it has been concluded that Kerala and West Bengal, though medium level states in terms of per capita NSDP, indicates relatively lower share of NSDP originating from agriculture (25 per cent) and over 50 per cent from services and about 20 to 21 per cent in industry.

In connection to it, **Gursharan Bhalland Rastogi (2009)** in their study attempted to identify the sectoral pull and push processes of the structural transformation of the workforce in India and the constraints that had been experienced in these processes, by using the RBI Data and the Hand book of Statistics. The study had found that the rise in labour productivity in agriculture had exerted the strongest influence in the shift of its own workers to the other sectors. The second highest influence had been from the ‘residual sector’, that is, all the sectors other than those of agriculture and the manufacturing sectors. However, the manufacturing sector seemed to pull the workers out from agriculture, indirectly by generating a demand from the residual sectors. The shift of workers from the manufacturing to the residual sector was found to be the weakest among the various ‘pull’ and ‘push factors’

**RESEARCH METHODOLOGY**

The study is exploratory in nature; the study is wholly based on secondary data the required data is collected from the various sources and reports of Govt departments, Reserve Bank of India Bulletin, published by the RBI, and various Stastical hand books.

**“To estimate the pace and pattern among Indian states” Compound Annual Growth rate were used.**

**Compound Annual Growth Rate (CAGR)**

The compound annual growth rate (CAGR) is the annualized average rate of Growth between two given years, assuming growth takes place at an exponentially compound rate.

**Compound annual growth rate (CAGR)**

$$CAGR = \{ \text{antilog}(b) - 1 \} \times 100$$

$$Y_{it} = \beta_0 + \beta_1 (T) + U_{it}$$

$Y_{it}$  is the logarithmic series dependent variable

$\beta_0$  is the intercept term which shows the overall mean value of the series.

**Major Findings**

Economic Growth among Indian States

<b>Sectoral Growth among Indian States(2000-2017)</b>					
<b>States</b>	<b>Agriculture</b>	<b>Manufacturing</b>	<b>Industry</b>	<b>Services</b>	<b>GSDP</b>
Andhra Pradesh	3.46	6.08	6.29	8.65	4.60
Arunachal Pradesh	4.92	13.09	11.52	8.00	7.36
Assam	2.94	5.76	5.23	6.93	5.55
Bihar	2.63	7.47	11.52	8.22	7.36
Chhattisgarh	5.97	7.36	8.55	8.11	7.68
Delhi	-3.34	5.13	4.19	9.86	8.98
Goa	0.40	5.34	4.60	11.85	7.90
Gujarat	5.97	11.18	10.74	10.19	9.86
Haryana	2.53	7.90	7.57	11.63	8.65
Himachal Pradesh	2.94	12.19	8.22	9.64	7.68
Jammu& Kashmir	2.12	8.55	4.29	7.47	5.44
Jharkhand	6.29	2.02	4.29	9.75	5.65
Karnataka	2.53	7.14	6.82	9.20	7.47
Kerala	-1.49	6.08	7.04	8.76	7.14
Madhya Pradesh	6.82	6.72	7.04	7.47	7.36
Maharashtra	3.98	8.33	7.90	9.42	8.33
Manipur	3.98	5.76	5.34	7.47	5.65
Meghalaya	4.50	9.75	5.55	7.79	6.40
Mizoram	7.57	7.36	9.86	8.76	9.53
Nagaland	6.40	7.90	6.50	8.76	4.81
Odisha	3.87	10.63	8.44	9.31	7.68

Punjab	1.41	8.55	7.79	8.00	6.29
Rajasthan	5.23	7.47	7.90	8.55	7.68
Sikkim	7.04	38.26	20.56	7.90	-73.02
Tamil Nadu	2.33	8.55	8.00	9.53	8.44
Tripura	4.81	5.76	9.20	8.55	2.94
Uttar Pradesh	2.22	6.61	6.82	8.00	6.29
Uttarakhand	1.51	19.12	15.14	12.30	11.40
West Bengal	1.82	5.13	4.92	7.79	5.87
<b>Author's Calculation</b>					

The above Table Shows the sectoral growth rate among different states the states were divided into three categories Coastal, Landlocked and Himalayan states. In Agriculture sector Madhyapradesh, Mizoram, Nagaland shows highest growth rate among all Indian states which is (6.82%), (6.40%) and 7.57% respectively where Delhi and Kerala shows negative growth rate in Agriculture sector which is( -3.34%) and (-1.49%) respectively. In manufacturing sector Arunachal pradesh, Gujarat, Himachalpradesh and Uttarakhand shows highest growth rate It shows that for all the states the service sector contributes more than half of GSDP. Notably, during 2014–2015, in Kerala, Tamil Nadu and Maharashtra services contributed 74%, 65% and 64 per cent to the GSDP, respectively. In the same period, the contribution of Karnataka and Haryana economies to the services sector to the GSDP was around 60 per cent. However, Gujarat and Madhya Pradesh are the only states where services contribute less than 50 per cent of GSDP. Likewise, the services contribution is just close to 50 per cent in Rajasthan and Orissa.

<b>Sectoral Share of GSDP among Indian States(2000-2017)</b>				
<b>States</b>	<b>Agriculture</b>	<b>Manufacturing</b>	<b>Non-Manufacturing</b>	<b>Service</b>
Andhra Pradesh	15.28	14.47	17.09	53.16
Arunachal Pradesh	16.41	4.48	30.04	49.08
Assam	13.81	15.86	24.13	46.20
Bihar	13.89	8.73	12.26	65.12
Chhattisgarh	12.65	21.23	29.72	36.40
Delhi	0.05	5.17	9.48	85.30
Goa	2.42	47.42	15.24	34.92
Gujarat	10.42	37.38	14.83	37.37
Haryana	11.02	22.67	10.31	56.00
Himachal Pradesh	8.61	31.72	16.63	43.04
Jammu and Kashmir	9.23	11.71	19.28	59.79
Jharkhand	8.89	18.29	21.38	51.44
Karnataka	6.40	18.43	9.82	65.36
Kerala	5.73	11.97	16.41	65.90
Madhya Pradesh	29.67	13.07	16.20	41.07
Maharashtra	7.73	23.17	12.18	56.92

Manipur	9.55	3.91	16.51	70.03
Meghalaya	12.22	9.38	15.14	63.26
Mizoram	8.60	0.75	32.20	58.44
Nagaland	41.04	3.51	24.15	31.30
Odisha	10.89	18.65	26.02	44.45
Punjab	17.58	16.57	11.30	54.55
Rajasthan	15.07	13.60	21.67	49.66
Sikkim	6.59	45.16	18.65	29.60
Tamil Nadu	4.28	25.46	14.02	56.24
Tripura	13.38	6.19	24.09	56.35
Uttar Pradesh	16.12	16.42	15.10	52.36
Uttarakhand	4.82	43.05	12.88	39.25
West Bengal	13.92	15.53	13.66	56.88
<b>Author's Calculation</b>				

From the above table it has been predicted that among all states in Nagaland the share of agriculture sector is more than other states which is 41.04% followed by Madhya pardesh 29.67%.in manufacturing sector Goa have highest share to GSDP which is 47.42% followed by Sikkim and uttrakhand 45.16 and 43.05% respectively among all states Nagaland is lagging in terms of manufacturing sector with only 3.0% share to GSDP.In non manufacturing sector Mizoram contributes 32.20% to GSDP followed by Arunachal pardesh 30.04% among all sectors services sector An impressive sectoral performance has been reflected in servicesector. The above table predicted that services sector among all states shows increasing trend during whole time period. Delhi have highest share of services sector to GSDP 85.30% followed by Kerala 65.90% Chhattisgarh have least share 36.40% among all states.

<b>Sectoral Distribution of GSDP among Coastal States</b>					
<b>States</b>	<b>Year</b>	<b>Agriculture</b>	<b>Manufacturing</b>	<b>Non-Manufacturing</b>	<b>Service</b>
Andhra Pradesh	2000-01	27.15	14.67	17.95	40.22
	2016-17	15.28	14.47	17.09	53.16
Goa	2000-01	6.28	52.23	20.08	21.41
	2016-17	2.42	47.42	15.24	34.92
Gujarat	2000-01	15.68	30.95	15.77	37.60
	2016-17	10.42	37.38	14.83	37.37
Karnataka	2000-01	18.17	17.51	12.53	51.79
	2016-17	6.40	18.43	9.82	65.36
Kerala	2000-01	20.38	14.01	14.06	51.56
	2016-17	5.73	11.97	16.41	65.90



Maharashtra	2000-01	13.21	23.37	15.01	48.41
	2016-17	7.73	23.17	12.18	56.92
Odisha	2000-01	19.29	14.00	29.35	37.36
	2016-17	10.89	18.65	26.02	44.45
Tamil Nadu	2000-01	13.96	23.70	16.55	45.79
	2016-17	4.28	25.46	14.02	56.24
West Bengal	2000-01	24.68	15.53	14.79	45.00
	2016-17	13.92	15.53	13.66	56.88
<i>Author's Calculation</i>					

The above table summarizes for the nine coastal states from (2000-2017), the share of the four broad sectors of the economy in the GSDP. In Andhrapradesh the share of agriculture in (2000-01) was 27.15% which declined to (15.28%) in (2016-17) in manufacturing sector it marginally declined from 14.67% to 14.47% in non manufacturing sector it further declined from 17.95% to 17.09% and in services sector it shows increasing trend from 40.22% to 53.16% in (2016-17) hence share of services sector is more than other sectors to GSDP during whole study period. In Goa the share of agriculture to GSDP in 2000-01 was 6.28% which declined to 2.42% in 2016-17 and in other three sectors it shows increasing trend in manufacturing sector the share is more than agriculture sector which is 52.23% in 2000-01 and 47.42 in 2016-017. From above analysis it has been predicted that agriculture sector shows decreasing trend to GSDP and the economy of above states starts shifting from agriculture to services sector because from study it has been analyzed that services sector shows more contribution to GSDP during whole time period.

<b>Sectoral Distribution of GSDP among Landlocked States</b>					
States	Year	Agriculture	Manufacturing	Non-Manufacturing	Service
Bihar	2000-01	31.08	8.68	4.81	55.42
	2016-17	13.89	8.73	12.26	65.12
Chhattisgarh	2000-01	14.18	20.34	27.22	38.26
	2016-17	12.65	21.23	29.72	36.40
Delhi	2000-01	0.40	8.96	16.11	74.54
	2016-17	0.05	5.17	9.48	85.30
Haryana	2000-01	27.60	24.81	11.75	35.84
	2016-17	11.02	22.67	10.31	56.00
Jharkhand	2000-01	9.21	33.02	24.99	32.79
	2016-17	8.89	18.29	21.38	51.44
Madhya Pradesh	2000-01	26.27	14.55	17.47	41.71

	2016-17	29.67	13.07	16.20	41.07
Punjab	2000-01	34.80	13.30	10.24	41.66
	2016-17	17.58	16.57	11.30	54.55
Rajasthan	2000-01	22.19	15.04	18.99	43.78
	2016-17	15.07	13.60	21.67	49.66
Uttar Pradesh	2000-01	29.43	14.30	13.62	42.65
	2016-17	16.12	16.42	15.10	52.36

The above table shows the sectoral distribution of GSDP among landlocked states from (2000-17) In Bihar the contribution of Agriculture sector to GSDP in 2000-01 was 31.08% decreased to 13.89 in 2016-17 in manufacturing sector it was 8.68% which increases marginally to 8.73% 2016-17 in non manufacturing sector the share to GSDP was 4.81% increased to 12.26% the services sectors contributes to GSDP more than 50% in 2000-01 which further increased to 65.12% in 2016-17. In Chhattisgarh the share of agriculture of agriculture to GSDP in 2001-02 was 14.18% decreased to 12.65% in 2016-17 in manufacturing and non manufacturing sector it shows increasing trend and in services sector the share of GSDP marginally decreased from 38.26% to 36.40% (2016-17) In Dehli the contribution of agriculture sector to GSDP is 0.04% and in services sector it shows more contribution in GSDP all states which is 85.30% in 2016-17.among landlocked states Madhya pardesh is the only sector which shows increasing trend in agriculture sector to GSDP from 26% in 2000-01 and 29% in 2016-17.

<b>Sectoral distribution of GSDP Himalayan States.</b>					
States	Year	Agriculture	Manufacturing	Non-Manufacturing	Service
Arunachal Pradesh	2000-01	38.44	2.00	11.29	48.26
	2016-17	16.41	4.48	30.04	49.08
Assam	2000-01	23.97	10.15	24.08	41.80
	2016-17	13.81	15.86	24.13	46.20
Himachal Pradesh	2000-01	17.46	19.73	26.93	35.87
	2016-17	8.61	31.72	16.63	43.04
Jammu and Kashmir	2000-01	14.29	7.51	28.11	50.08
	2016-17	9.23	11.71	19.28	59.79
Manipur	2000-01	15.78	3.88	14.58	65.76
	2016-17	9.55	3.91	16.51	70.03
Meghalaya	2000-01	15.08	8.28	25.90	50.74
	2016-17	12.22	9.38	15.14	63.26
Mizoram	2000-01	12.62	1.11	21.21	65.06
	2016-17	8.60	0.75	32.20	58.44
Nagaland	2000-01	45.70	2.74	23.80	27.76
	2016-17	41.04	3.51	24.15	31.30
Sikkim	2000-01	13.62	4.95	24.55	56.88

	2016-17	6.59	45.16	18.65	29.60
Tripura	2000-01	23.73	11.47	9.81	55.00
	2015-16	13.38	6.19	24.09	56.35
Uttarakhand	2000-01	22.98	21.46	15.98	39.58
	2016-17	4.82	43.05	12.88	39.25

The above table analyzes the sectoral distribution of GSDP among Himalayan states from 2000-01 to 2016-17 in Arunachal pardesh the share of agriculture to GSDP in 20001-02 was 38.44% and diminished to 16.41% in 2016-17 in manufacturing sector only 2% and increased to 4.48% in 2016-17 in non manufacturing sector it was 11.2% and increased to 30.04% and in services sector it is higher than other sectors 48.26% and marginally increased to 49.08%.it shows increasing trend of services sector. In Assam the share of agriculture to GSDP in 2000-01 was 23.97% in 2016-17 decreased to 13.81% and in services sector it was 46.07% among Himalayan states Manipur shows the highest share of services sector to GSDP 65.76% Nagaland have less share of services sector to GSDP. SO the study indicates that there is sectoral diversification among states services sector contributes more to GSDP.

<b>Percapita Income among Coastal States</b>		
<b>States</b>	<b>PCI</b>	<b>CAGR</b>
Andhra Pradesh	149.87	5.65
Goa	132.99	3.87
Gujarat	261.26	8.44
Karnataka	142.64	5.97
Kerala	171.79	6.61
Maharashtra	176.00	6.82
Odisha	138.68	5.44
Tamil Nadu	172.07	7.57
West Bengal	101.18	4.49
		<i>*Growth/Decay from 2001-2017</i>
		<i>Author's Calculation</i>

The above table reveals the percapita income among coastal states. States which shows highest growth rate in percapita income are Gujarat followed by Maharashtra and Kerala where as states which shows low percapita income growth rate are Westbengal and Odisha.

<b>Percapita Income among Landlocked States.</b>		
<b>STATES</b>	<b>PCI*</b>	<b>CAGR</b>
Bihar	104.83	5.55
Chhattisgarh	135.92	5.34
Delhi	160.50	6.61

Haryana	175.71	6.72
Jharkhand	109.80	5.02
Madhya Pradesh	123.78	5.34
Punjab	85.06	4.29
Rajasthan	133.38	5.76
Uttar Pradesh	81.42	4.08
<i>*Growth/Decay from 2001-2017</i>		
<i>Author's Calculation</i>		

The above table analyzes the percapita income among landlocked states. States which shows highest growth rate in percapita income are Haryana followed by Delhi and Chhattisgarh where as states which are lacking behind interms of percapita income are Uttarpradesh, Punjab and Bihar.

<b>Percapita Income among Himalayan States.</b>		
<b>STATES</b>	<b>PCI*</b>	<b>CAGR</b>
Arunachal Pradesh	107.46	4.71
Assam	84.93	3.87
Himachal Pradesh	141.47	5.76
Jammu and Kashmir	72.19	3.46
Manipur	65.72	3.15
Meghalaya	71.57	3.87
Mizoram	208.77	7.14
Nagaland	100.80	4.81
Sikkim	353.25	11.52
Tripura	193.83	7.04
Uttarakhand	267.37	9.42
<i>*Growth/Decay from 2001-2017</i>		
<i>Author's Calculation</i>		

The above table shows the percapita income among Himalayan states among these states Sikkim shows highest percapita income followed by uttarakhand and Mizoram the states which are lacking behind interms of percapita income are Manipur, Jammu and Kashmir and Meghalaya.

## **CONCLUSION**

This paper has attempted a somewhat preliminary account of determinants of growth in Indian states during the time period of 2000-2017. Covered all the states which were categorized different groups namely Coastal States, Landlocked sates and Himalayan states. It has found that growth in different states during study period was characterized by instability and volatility. The

degree of volatility was very high in some states interstate disparity in the share of GSDP among different sectors the compound annual growth rate was calculated .Thus the study concluded that during whole time period from 2000-2017 the share of agriculture and allied sectors was high in Andhrapradesh among coastal states which was 27.15% and least in Karnataka. In manufacturing sector Gujarat have the highest share 30.95% and Kerala have least share 14.00% .In non manufacturing sector Odisha have the highest share 29.35% among coastal states .In services sector Kerala and Karnataka have the highest share 51.79% . Hence among coastal states the share of Agriculture and allied sectors during the whole time period starts to decline and in other sectors it starts to increase it indicates that there is structural transformation among states. There exists a high degree of sectoral diversity across Indian states the shares of these sectors (averaged over 2000-01 to 2016–2017) in the total GSDP of states. The analysis of the changes in the shares of three broad sectors (agriculture and allied, manufacturing, non manufacturing and services) in the overall GSDP of a state for the last 17 years period. As expected, the share of agriculture in GSDP has declined for all the states. From the study it has been conclude that all the states have not similar growth performs during whole time period variations in the economic growth performance of the states has been significant.

## **SUGGESTIONS**

- Manufacturing sector in an economy of India is found effective tool in economic growth and development. Therefore it is suggested that manufacturing sector should be encouraged and efforts should be made to enhance the share of manufacturing sector in GSDP.
- Economic diversification has been found effective in reduction of poverty and income inequality, geographically the diversification tends to be different that means in Landlocked states GSDP share is more dependent on services sector, in Coastal states GSDP share is more dependent on manufacturing sector in Himalayan states most part of GSDP is from Agriculture sector. Hence concentration should be given to respective sectors according to their effectiveness in states so that poverty and income inequality can be reduced more and more.
- Economic diversification is also found to be effective tool in prosperity of economic growth among states so there is need to focus on geographically specialized states to maximize their strengths to uplift economic growth.

- Share of manufacturing sector is found significant in increasing percapita income, so for equal distribution of income more concentration should be given on manufacturing sector to reduce income inequality which will in turn reduce poverty so process of manufacturing sector should be encouraged.
- As far as employment is concerned it is found that service sector generates more employment as compared to other sectors therefore to reduce problem of unemployment more concentration should be given to services sector.

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