

"INTER-STATE DISPARITY IN INCOME LEVEL AND CONSUMPTION PATTERN"

ANISHA PANDIT

Centre for Studies in Regional development

School of Social Sciences

Jawahar Lal Nehru University

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जवाहरलाल नेहरू विश्वविद्यालय
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI - 110067

CERTIFICATE

We certify that the dissertation entitled "Inter-state disparities with respect to income level and consumption pattern - All India", submitted by Ms. Anisha Pandit in fulfillment of six Credits Out of a total requirement of twenty four credits for the degree of Master of Philosophy (M. Phil) of the university, is to the best of our knowledge a bonafide work and may be placed before the examiners for evaluation.


Chairman.

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ANISHA PANDIT

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CH 1 INTRODUCTION

The major problem of the Indian economy is not so much its low rate of growth of gross national product, but the inequality horizontal and vertical, in the distribution of the benefits of growth. When we take into account the post independence period, from 1950-51 onwards, upto 1990-91, we observe that the gross national product has been growing at the rate of about 3.0% per annum in real terms. By standards of the western countries, this rate of growth may be considered very low, but when we bear in mind facts, like, India being a victim of British colonial rule for over a hundred years, and that it is primarily an agrarian economy, where the major proportion of its population is engaged in agriculture and allied activities, then this rate of growth of Gross National product does not seem very low.

A HISTORICAL PERSPECTIVE:

During the colonial period, the Indian economy was caught in the shackles of British rule. The British were mainly interested in exploiting the Indian resources, and for this reason paid attention only to the resource rich regions of the country. But one could account for their preferential attitude,

as they did not have any long term interests in India. They were only interested in plunder. This policy of the Britishers led to a highly unbalanced growth pattern in India.

After India attained its independence, it was believed that the government would try to follow a policy of balanced regional development, as since the beginning regional disparity had attracted the attention of economists, planners and politicians. Therefore, at the inception of planning, the primary objective as spelt out by the planners was the reduction of the socio-economic and spatial disparities.

For some time, the planners were successful in achieving their objectives, but soon the tendencies towards inter-regional disparities re-emerged. The successive five year plans have construed the complexity of the problem, but the efforts made in the first three plans were mainly directed towards the attainment of a high rate of growth. The scarcity of resources and the efficiency of Investment often forced the planners to concentrate in developmental plans of those regions or parts of the economy where the rate of returns are high. Thus the developmental plans instead of narrowing disparities further widened them.

The First plan laid stress on 'strengthening the inner forces of growth' and the 'creation of new institutions' which could rapidly increase growth.

The second plan followed a path of sectoral growth and linkages. Both the plans aimed at reducing inequalities indirectly.

In the first and second plan, we see, that there is only a vague quest for balance.

The Third plan, follows a more direct approach, by helping the backward regions develop industrially and by extending special financial assistance to them.

The fourth plan suggested a multi-directional area development approach, to accelerate the rate of development in backward regions. But all backward regions have unique characteristics of their own, and hence there is the problem of the identification of backward regions, and the problem of imposing a uniform plan for all the backward states. In this plan, higher allocations of central assistance were given to the backward regions and numerous programmes based on 'area development' and 'target group approaches' were launched to reduce disparity.

The fifth plan, evolved 'location specific strategies' which would help to identify the causes of backwardness, and the potential of the state to overcome it. The aim was to sustain development in the developed regions and to develop the backward regions.

The sixth plan, planned to increase development in backward regions, but without curtailing growth of the already developed regions.

How'ever in the last two plan periods, the focus has shifted from 'regional balance' to 'efficient resource utilisation' and the maximisation of productivity with given resources. "Efficiency and high productivity" are at present top priority areas of the planners, since the onset of 'economic Liberalisation' in our country. Focus is now on rapid industrialisation in areas where they will give maximum yield or returns. Hence the development is not directed so much towards backward areas anymore, as the fruits of development are realised very slowly in these areas.

SCOPE AND COVERAGE OF THE STUDY

It can be argued that inequalities are inevitable, when we bear in mind, the large size or vastness

of our country. It is but natural that it is not possible for all states in such a large country to grow at an equal rate given the physiographic and the historical factors.

Also there exists the problems of an ever increasing population, growing at a rate as high as 2.2% per annum, and has crossed the 87 crore mark. It is therefore wiser, to study regional disparities with per capita State domestic product, rather than with total state domestic product. When we divide total state domestic product of a state with the population of the state, we get 'per capita state domestic product', which in real terms, in India, is growing at a rate lower than 1.0% per annum.

India is a large country with many different states. All states have their own, strong, regional identity, and the regional disturbances are a manifestation of their strong identity. Much of the growth of regionalism can be explained by this growing economic disparity between the states.

What, therefore, threatens us today, is this economic disparity which exists between the states.

Thus, in the determination of, whether the regional disparities have grown or narrowed down, we need to study the growth of the economic factors in each state.

Thus, we can say that, regional inequalities arise, because the process of growth is spatially not uniform. The reason for the imbalance may be historical factors, demographic factors or structural factors. Besides these three, there also exist certain infrastructural factors, like the availability of financial resources, disparities in plan outlays, etc, which determine the extent of inter-state disparity.

Total Income is based on the income generated in different sectors of the economy, namely, agricultural sector, industrial sector and services sector. But all states vary in size, that is, in their population so that income is not a good indicator for studying inter-state disparities. For that, we must account for studies based on 'per capita state domestic product' as it gives a better measure of the growth and development of the state. Per capita state domestic product is a 'catch all variable' as it also tells us, the aggregative level of purchasing and saving power of an average person. At the same time it also tells us indirectly about the standard of living of the people.

In this manner it may be taken reflect in level of development within a state.

How'ever the measurement of regional disparities by 'per capita income method' are not free from Limitations, which may be discussed as following:

(i) When we make a study of inter-state disparities, by per capita income method, we cannot measure the disparities which are prevailing within a state, say at district level, or even amongst people in the same district. For that we may have to make a per capita income study at district level, or even further, to see whether the disparities within a state have increased or decreased.

(ii) Studies based on per capita income do not catch the social sectors. For the welfare of the people, there are numerous social service agencies, which provide services which cannot be measured. These services are very beneficial and easily covers the cost of producing them. But since benefit can be measured only partially, problems arise, as measurement of benefit does not fully reflect welfare. Since problems often arise in the working of the voluntary welfare agencies.

(iii) Per capita income measured for a state does not reflect the state's welfare situation, as there exists a lot of inter-state transfer of funds. The states that have a large percentage of migrant workers send home to their families a large part of their income. So where the income is accounted for, it is not where it is being used.

Thus, considering the limitations of per capita income studies, it would be worthwhile to account for some other indicators of regional disparity too.

In view of the fact that per capita state domestic product is an aggregative measure and does not reveal the sectoral profile, it would be useful to consider the income generated in different sectors. As there are significant transfers of income from people engaged in one to those in the others, at household level, it would not be appropriate to divide the sectoral income by the corresponding workforce. Also, the focus of our study is not to obtain productivity in each sector. Therefore, in the present study sectoral income is divided by total population to analyse the pattern of inter-state disparity. The differences in the per capita sectoral income may

occur due to differences in the importance of the sector in the state economy. Hence the percentage share of sectoral income has also been considered income per capita in agricultural sectoral industrial sector and tertiary sector separately.

Consumption, or rather 'per capita consumption expenditure' is also a commonly used indicator of the level of development of a state. Total consumption would again have drawbacks on account of the fact that it would not reflect the population or size of the states. Also the constituents of consumption, like how much money is spent on food items, and how much on non food items, tell us about the standard of living of the people per capita consumption expenditure reflects the actual welfare of the people.

Lastly, we can also account for regional disparity by making a study based on 'composite indices' and establishing a relationship between them, and in development between states.

As already mentioned before, in India, there is a tendency towards top sided development, whereby some already developed regions grow faster at the cost of the backward states. This has led to an enclave type of settlement. In the post planning

era of development, these disparities must be reduced to reduce the unevenness between the states.

In my study too, I have accounted for both per capita state domestic product and per capita consumption expenditure, as these are the two best indicators for studying inter-regional disparity. They have been examined at the sectoral level too, to see which sector is most responsible for these increasing disparities between the states.

In the second chapter an attempt is made to review the studies on regional disparity. These have been reviewed under the subdivisions:

- (a) Studies in regional disparity in per capita income.
- (b) Studies in regional disparity in agriculture.
- (c) Studies in regional disparity in industry.
- (d) Studies in regional disparity in level of consumption.
- (e) Studies in regional disparity based on composite index.

(f) Studies in regional disparity based on transfer of funds from centre to state.

The third chapter is basically an analysis of the inter-state inequality in income, based on empirical analysis of data. It begins with difficulties in data base, comparability, etc.

In order to assess inter-state inequality we have calculated the co-efficient of variation and examined the changes in the overtime. For explaining the cause of these variations, we have also calculated the co-efficient of variation at sectoral level for all states between 1967-68 and 1985-86.

Lastly, to explain these variations, we have co-related the per capita income at three points of time, with other socio-economic indicators.

The Fourth Chapter is an exercise which has been structured as the third one. Only here instead of per capita income, we use per capita consumption. Co-efficient of variation is determined for consumption level in all states and the variations explained in terms of socio-economic indicators by co-relating.

The Fifth Chapter, discusses the basic conclusions and policy recommendations and discusses strategies which would reduce inter-state disparities. It also suggests measures for adequate implementation of these policies, to bring about balanced growth and development in all states.

CH_2 REGIONAL DISPARITIES - A REVIEW

'Every set of phenomenon can be interpreted in various ways. It is our privilege to choose amongst the possible interpretations, the one's which appear most satisfactory, whatever may be the reason for our choice'

- F.R. Moulton

STUDIES IN INTER-STATE DISPARITY: AN OVERVIEW

India is a vast country and it is not surprising that the growth process is spatially uneven as productive forces are not uniformly distributed. Thus, this regional disparity is a basic structural characteristic of a country like India.

Since it is an important problems of our country, and of great concern, a large number of studies have been conducted in regional disparity. In India, first study in regionalisation was made by Dudley Stamp in 1927. After that only Pithawala in 1936, made another study, before the commencement of planning in India. But both the studies did not come forth with any revealing facts.

The lack of adequate interest in regional studies prior to independence was because of two

(i) the policy decisions in the stagnant economy of a colony did not require regionalisation as a methodological input

(ii) the ethos of freedom held the idea of united India, so they did not want to emphasise the diversification.

The studies in regional disparity have been reviewed by placing them into the following categories:

I. STUDIES BASED ON PER CAPITA INCOME

Per capita state domestic product has been used for studying disparities by a large number of economists. Though they are not free from Limitations, yet, they have proved to be excellent indicators.

K.R.G. Nair (1982) studied the inter-state income differentials from 1970-71 to 1979-80. He found the co-efficient of variation for the net domestic product of all states. He observed that the co-efficient of variation increased from 24% in 1970-71 to 33% in 1979-80, and hence arrived at the conclusion that inter-state disparities had increased during this period.

He also worked on 'state relatives' and applied it to the Indian case in 1985. He found

the 'relative level of per capita income', that is, the proportion of per capita income of a state, to all states average in that period. He thus obtained an index which is easily comparable. As is evident from the index, he observed that the per capita income of the already developed states was rising, and that of the backward states was falling. This implied increasing inter-state disparities. He also calculated the co-efficient of variation for five points of time, between 1950-51 and 1988-89, and observed that in the first two decades, inter-state disparities did tend to narrow down, but since the 1960's they have been continuously rising.

Roy Chowdhry (1988), also worked on per capita state domestic product at constant prices of 1980-81 and observed the behaviour of inter-regional disparities between 1967-68 and 1985-86. She also used the co-efficient of variation for per capita state domestic product, and has observed an increase, from 26.0% to 32%. With this and the results of the Ginnico-efficient, she arrived at the conclusion that inter-regional disparities had increased overtime.

Dholakia (1978) too, made a study of 'state income inequality' in India, in 1978, and analysed

the period 1960-61 to 1970-71. He analysed inter-state variations in growth, on the assumption that, per capita income is a function of three factors, namely, worker rate, industrial structure and capital productivity. He invited his analysis to these two points of time, and to fifteen states and identified three broad sectors, on account of non-availability of data. He utilised estimates of real income, employment and real capital stock available. The contribution of different factors to the observed growth of per capita income in each state is derived on the basis of the shift-share approach.

He observed that inter-state variations in the growth of capital productivity in the primary sector, secondary sector, and tertiary sector, are three factors which explain most of the inter-state variations in per capita income. He also observed that apart from the overall worker rate, the growth of the other indicators increased the regional disparities in terms of per capita income, of each state.

Ajit Kumar Singh (1982) undertook a study, of inter-state differences in levels and rate of growth of income in India, between 1950-51 and 1980-81. He found the net state domestic product at constant prices for all states. To eliminate the annual impact of data, he also averaged the data for three

periods. He observed that wide disparities existed in the growth of per capita income for all states. Between 1960-63 and 1970-73, whereas the per capita income of Punjab increased by 70%, that of Uttar Pradesh increased by only 25%. He determined the annual compound rates of growth for the different states, for the four time periods, 1950-51 to 1960-61, 1960-63 to 1978-81. For each period, he saw the differences states. The inter-temporal analysis by him finds an increase in the co-efficients of variation in per capita income between different states from 20% to 30% in the period 1970-73 to 1978-81, measured at constant prices of 1970-71. He thus arrived at the conclusion that over this time period, regional disparities had widened.

It has been observed that regional disparities have been on an increase throughout the planning period in India - whether in terms of per capita net domestic product, or in terms of rate of growth of net domestic product.

Studies by Nair (1982) and Rajkrishna (1980), reveal that regional disparities have been increasing from the mid 1950's to the early 1970's studies by A.K. Singh, Hemlata Rao and R.T. Tewari also reveal that during the period 1970-71 and 1979-80 too, regional

disparities did tend to increase overtime.

As for the changing position of the States, it was found that there was not much change in the relative position of the states Punjab, Gujarat, Haryana and Maharashtra remained on top, and Bihar, Orissa, Madhya Pradesh and Uttar Pradesh, at the bottom. This was indicated in the studies by A.K. Singh, Hemlata Rao and Nair. In other words the developed states continued to grow at a faster pace than the underdeveloped states, and hence the gap keeps getting wider. Therefore, regional disparities between states continue to increase, building up the un-evenness even further.

II. STUDIES BASED ON SECTORAL DEVELOPMENT

(A) Regional disparity in Agricultural development

(B) Regional disparity in Industrial development

(A) Regional Disparity in Agricultural development:

The process of development in Agriculture is not uniform for all states. The differences arise because of the differences in the levels of development of the productive forces, such as extent of irrigation,

consumption of fertilizers per hectare, area under HYV, extent of mechanisation, availability of rural credit facilities, etc. These differences in the level of productive forces, their use pattern, etc, cause regional variation in the social process of growth in agricultural production.

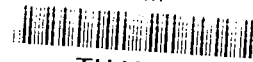
Pradhan prasad (1980) in his study accounted for 13 major states of India, which contained 95.0% of the population and agricultural productivity. For the period 1960-61 to 1972-77, he found the index of agricultural production, the index of area under all crops and the index of agricultural productivity for these states. He also analysed other indicators, namely average percentage of gross area irrigated to gross sown area, average intensity of cropping, average consumption of fertilizers per hectare, percentage of area under HYV to net sown area, and number of tractors per thousand hectare. He found that Haryana, Kerala, W. Bengal and W. Uttar Pradesh have attained high levels of agricultural development, and these are areas where the semi-fendal relations of production are found to be weak.

J.P. Singh's(1980) study examined the order of influence of some crucial factors of production, on inter-regional differences in the productivity of land under all crops. His analysis pertained to

the years 1962-65 and 1970-73, as they represent the pre-HYV and post-HYV period, and examined the performance of agriculture in individual states, especially that of rice and wheat. Whereas, there was an absolute decline in the output level of Maharashtra, Orissa and Andhra Pradesh in the period, on the other hand Punjab, Haryana, J and K & Rajasthan achieved more than 5% annual growth in their crop output. His results showed that, while the magnitude of co-relation co-efficient between yield and irrigation declined, it increased between yield and fertilizers.

Bhalla & Alagh (1979), made an account for output and yield per acre, which showed a remarkable increase for all states, except Orissa, Maharashtra and Andhra Pradesh, which registered negative rates of growth. Their study also shows that all the parts of the high growth rate areas are not equally developed, and all parts of the low growth areas are not equally backward. This suggests that there exists disparity in agricultural growth and development, even within the individual states.

V.N. Mishra, keeping in mind, the view that inter-state disparities in production per hectare, and per capita production of major food crops experien-



cing technological change have widened, conducted a study, using a three point time analysis of gross value of crop output per hectare in different states. He took data for 12 states, for the time period 1962-63 to 1980-81. He then calculated the co-efficient of variation in gross value of crop output her hectare, and observed that it had increased from 31% in 1972-73 to 43% in 1980-81. This indicates a widening of regional disparities. However for the period 1962-63 to 1972-73, the results indicated some convergence. Thus, it may be inferred that, trends broadly indicate the pattern of 'U' shape curce for disparities over the period in the process of agricultural development in the country.

The studies indicated that Indian agriculture charactorises three groups of states in the country- agriculturally developed, developing and backward states. These reflect the regional disparities in the rates and levels of growth in agricultural production and output per hectare.

Studies by Sen (1969) and Krishnaji (1975) indicate growing disparities in agriculture in the sixties and early 70's. V.N. Mishra's study indicated an increase too, as the co-efficient of variation increased from 31% in 1972-73 to 43% in 1980-81. In Bhalla and Alagh's study we can see that some states like Orissa, Maharashtra and Andhra pradesh have a negative rate of growth of output and yield,

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whereas areas like Punjab, Haryana and Western Uttar Pradesh have been experiencing very high rate of growth. These disparities exist not only at inter-state level, but also at intra-state level.

Though there was a tendency towards a reduction in regional disparities in agriculture in the 1950's and early 1960's, they have considerably increased after the green revolution.

(B) Regional disparity in Industrial development:

India is an industrialised country, by world standards, but its industrial structure is uneven, in that, some states like Gujarat, Maharashtra, etc are highly industrialised, whereas some are hardly industrialised. The industrialised states have experienced high levels and rates of growth in per capita industrial output, over a period of time. The present industrial situation, presents inter-state disparities in industrial structure, concentration and development. There have been many studies also in the industrial disparity in India.

P. Venkatramiah, A.K. Kulkarni and Ms.L.Avgade', conducted a study, which brought out regional disparities in India by the input-output framework, which shows the role of the inter-sectoral relations, on the

determination of the gross output levels. His study was based on 86 industrial unit. His results show that states with higher sectoral linkages, are more developed, than states with low sectoral linkages. It arrives at the conclusion that, it is the variations in the regional structure of the sectoral linkages, which cause inter-state regional disparity. Higher the value of the co-efficient of variation, in the sectoral linkage structure, at inter-state level, the greater is the regional disparity in the industrial structure.

A. Kundu's study, a picture similar to the one above emerges, for the developed and the backward states. He made a three point time analysis of inter-state variations based on the share of the number of industrial units, employment level and the value added in these industrial units. The analysis pertains to the time period 1961 to 1978. He observes that in this period there are not too many changes in the inter-state positions. His source of information was the annual survey of Industries (A.S.I) published by the C.S.O.(Central Statistical Organisation).He also undertook a study on the structure of organised and unorganised Industries for all major states, the rural-urban dichotomy in industrial development, and lastly the trend towards industrial dispersal. His

results show that, if regional disparities in industry have not widened, they certainly have not narrowed down either. Thus, the process of 'industrialisation in backward states' has not come up as desired.

Kiran Wadhwa and S.K. Kashyap worked with the hypothesis that primacy in a region is a significant determinant of economic and manufacturing activities of a region. They analysed data for 15 states over three points of time - 1961, 1971 and 1977-78. They tested the effect of urbanisation on these variable. Primacy has been measured by share of certain number of largest cities in total population of the state. They conclude that, overtime, the second and third largest cities of the state are explaining most of the industrial activity. As far as the increasing regional disparities go, a trend in its favour has been observed.

Brijesh.K. Bajpai made an attempt to analyse the existing industrial disparities and the causes and remedies for predicament. He felt that industrial disparities occurred because of two reasons: firstly, the disparities caused by the production inefficiency, negligence and shortage of raw materials in backward regions; and secondly, due to better industrial performance and proper resource utilization for industrial production in industrially advanced countries. Thus the

joint effect of negative and positive industrial performance magnify the tone of disparity. He made a study of industrial disparity by examining the industrial licences issued for each state, and also the Letters of intent issued. He observed that out of the total, 66.6% Licences and 57% letters of intent of intent were for the five states, of Maharashtra, West Bengal, Haryana, Gujarat and Tamil Nadu. This caused the regional disparities present to remain there.

P. Ashthana, in his study of 'Institutional finance and industries - Inter-regional disparities', shows that over the years the share of institutional assistance sanctioned to industrially backward states has increased. However more funds still continue to flow towards the industrially developed states. He explains this with the help of certain indicators, like the number of licences issued, availability of entrepreneurs, and favourable conditions created by the government.

As far as disparities in the industrial sector are concerned, the relative positions of the industrially developed and backward states have not changed much.

P. Venkatramaiah's study suggests that states having higher sectoral linkages are more developed

than those with lower sectoral linkages, and the more developed than those with lower sectoral linkages, and the more developed the states, the higher is the level of growth in industrial output per capita.

Kundu's study shows that there was not much change in the relative positions of the industrially developed and backward states, between 1961 and 1978. Asthana's study shows that in the distribution of industrial Licences between 1953-82, there has been a bias in favour of industrially developed states.

The industrial disparities between states were quite high even at the time of planning. Even though, they have not widened further, they have not narrowed down either.

III STUDIES BASED ON COMPOSITE INDICES:

Composite indices are real valued functions of the constituent indicators. The indicators relate to various socio-economic dimensions of the phenomenon and are generally measured on the ratio scale. The only problem is in the elimination of the bias of scale and the determination of weightages. To remove the bias, these must be either converted to a discrete scale, or standardised, or divided by its standard deviation, or normalised. When used effectively these too can be excellent indicators of the extent of

regional disparity. Many important studies on regional disparity have therefore resorted to composite indices for their study.

Ms Hemlata Rao, made a study of regional disparities which covered eight sectors, and constructed a composite index of development based on 51 variables. Her study analysed the relationships between the composite index of development and per capita income. From her analysis, one can clearly see the emergence of two completely different sectors - developed and backward. She took 51 indicators from eight specific sectors, namely, Agriculture sector, Industrial sector (Small and General, Banking sector, Power sector, Industrial Transport sector, health sector and Education sector; and examined data for 16 important states of India. For all of these he then found the co-efficients of variation. These co-efficients reveal the increasing trend in the inter-state disparities in development in India, however the relative positions of the state have undergone negligible changes. Per capita income for all states increased between 1960-61 and 1979-80. But as all incomes increased, the gap between the states widened.

Prof Amitabh Kundu studied the impact of urban accretion on the structure and growth of modern

And here the index is the co-efficient of variation. The disparities are measured in relative terms. All states were divided into 2 categories-developed and developing. But his study highlighted the dualistic pattern of development, more than the growing inter state disparities.

Dr. P.R. Panch Mukhi, studied regional disparities by examining 'disparities in social infrastructure', especially education by constructing a composite index of educational development. He took the following indicators.

(A) Health:

- (i) Government expenditure on health per capita.
- (ii) Hospital beds per lakh people.
- (iii) Hospital per 1000 Sq. Km. area
- (iv) Index of health consciousness
- (v) Index of Medical facilities

(B) Education:

- (i) per capita expenditure on education
- (ii) per pupil education expenditure
- (iii) educational level

On examining the co-efficients of variation, he came to the conclusion that industrial disparities had increased overtime.

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living indices based on retail prices, and also it used the old base year prices of 1970-71.

Consumption studies were undertaken using per capita consumption expenditure for rural and urban sectors separately, and Ms Roy Chowdhry observed that the co-efficient of variation decreased between 1966-67 and 1986-87.

The initial years there was some increase, but now the stability has set in accompanied by marginal reduction in disparity for subsequent periods.

V. STUDIES BASED ON INFRASTRUCTURE DEVELOPMENT AND FINANCIAL ALLOCATION AND RESOURCE TRANSFER

V.G. Rao, made a study for all states, on the basis of the expenditures, incurred by them under two accounts, revenue account and capital account. Keeping the population of the state in mind, these expenditures are scaled down to per capita terms. He then observed the trends in per capita expenditure level for all states. Expenditure of a state can be examined by dividing it into development expenditure and non developmental expenditure between 1961-62 and 1979-80. Similarly he examined trends in per capita expenditure on human and physical capital, and on

per capita expenditure on Education, Medicine and Agriculture. Then he found the co-efficient of variation for all of them. He observed that disparities in total expenditure had considerably widened, but not as much as in Physical capital, or in Agriculture. A considerable narrowing of disparities is observed in Non developmental expenditure.

B.K. Chaturvedi and B.N. Tyagi treat development as a function of power consumption, gross cropped area and fertilizer consumption. He observed that increased power consumption can increase the per capita income. The Power supply is short because of inadequate generation, but more so because of considerable under-utilization of the existing installed capacity.

A.K. Sen Gupta was of the opinion that regional variations in India can be expressed in terms of per capita income, percentage of population living below the normative minimum, percentage of workers in the industrial sector, working population in agriculture, etc. He examined the relative positions of different states from 1970-71 to 1978-79. The higher income States recorded a greater increase than the lower income states. To explain this variation he examined the amount of statutory transfers, plan transfers and discretionary transfers. We see that though the low income states are receiving better treatment compared to the past, still, Rajasthan, Haryana and

West Bengal, which are relatively developed received larger amounts. He also examined the structure of per capita tax shares and grants between 1955-81.

G. Thimmaiah made a study of 'interstate disparities in Financial Allocations by the centre' and co-related Planning Commission transfers and per-capita state domestic product, and co-relate finance commission allocations to per capita state domestic product. The negative rank co-relation between the former suggests that there has been some degree of equitable line in the planning commission transfers but since the value is very low, it implies that that the degree of equity is very low. The latter on the other hand are unequally distributed.

K.K. George has studied 'inter-state disparities in plan outlays, for all states for the period 1956 to 1981, and observes that there is no basic criterion for its determination.

R.N. Lal, feels that regional disparities do not exist because of the tax devolution system alone. The centre's assistance to the poorer states has been continuously increasing, so the G.N.P. too must rise. GNP is a function of the rate of investment

and the efficient utilisation of resources. And this is where the developed states perform better by providing better overhead facilities, skilled manpower, better management, etc. This is the reason for the growing regional disparities.

Here we examined how far transfers from the centre to the state have helped to reduce regional disparities. Thimmaiah observed that though central assistance rate increased in the backward states, yet the magnitude was small, so no major reduction in disparities was possible.

Rao's study analysed expenditure on public services. Though aggregate expenditure increased between 1961-62 and 1979-81, yet there were wide variations in per capita expenditures at state level.

We can say that developed states perform better as they provide better overhead facilities, better management, skilled labour, etc, which make the inter-regional variations increase overtime.

OVERVIEW

All the above studies indicate that a highly uneven process of regional growth and development is existing in India. The pattern of growth has tended to follow a similar pattern, in that the developed states continue to grow at a high rate, and the backward states even though are now growing at a faster pace, cannot hope to catch up with the advanced states. The unevenness remains as the all states have not acquired the same level of development in the forces of production, which are a pre-requisite for growth.

On analysing inter-state disparities taking per capita income for all states, we observe that the income gap has increased overtime. Most of this widening in income gap can be explained by the agricultural sector where disparities have widened most because of large variation in agricultural production in each state.

Therefore, three things clearly stand out in the analysis of regional disparities:

- (i) The process of regional growth and development is highly unbalanced, and the regional disparities persist to wider overtime.
- (ii) the regional disparities arise from the disparities

which exist in the regional structure of development.

(iii) Finally, agricultural disparities are more responsible for the increasing income disparities, than disparities in inter-state industries or banking sector.

Therefore, considering this fact, we must realise that reduction of regional disparities is an important objective to attain balanced growth and to bring all states to the same level of development.

CH_3. INTER-STATE INEQUALITY IN INCOME DISTRIBUTION

The most important and commonly used indicator for studying inter-state disparity is income or state domestic product as discussed in the previous chapter . Several scholars used it to study inter-state variations in levels of growth, but their conclusions have differed because of differences in data base and methodology. Therefore, a fresh attempt is made to study inter-state variations in income for our country.

DATABASE FOR TEMPORAL ANALYSIS OF DISPARITY

Income state for all the states are compiled regularly by the state statistical bureau (SSB), both at current and at constant prices. But the methodology adopted in different states in compiling income data is different, and consequently, this data is not very useful for making inter-state comparisons.

Since the data compiled by the SSB has its limitations, some other source of data on income is required. The central statistical organisation (C.S.O.) compiles data for different states at different points of time. The first income estimates of the C.S.O were prepared for the year 1967-68. After this,

they have been prepared on a regular basis every three to four years. The procedure, concepts, definitions, followed for collecting information for all states is the same, hence we can use this data for inter-state comparisons. However the C.S.O estimates too have their limitations. Firstly, they are available only at current prices, and so intertemporal comparisons of income overtime are not possible, as with just state domestic product at constant prices, we cannot calculate the rate of growth of income for the states. The rate of growth can be calculated only if we have the income estimates at constant prices. Secondly, the C.S.O estimates for each state do not include expenses like defence, military forces, BSF, etc, as these are national expenses, and it is not easy to ascertain how much of its accrues to each state. Therefore, the totals of the state domestic product for all states combined, are not equal to the national domestic product of our country.

How'ever, inspite of its limitations, the C.S.O estimates are easily the best source of income of states available. So we must make use of these by carrying out certain adjustments which will make these estimates more comparable between the states. The first adjustment we are required to make is to

convert these estimates from current prices to constant prices. State domestic product at constant prices, makes it easy to study the process of growth and development of a state. Overtime, and between states, at a point of time.

It may be noted that data on income was published by the C.S.O only after 1967-68. One may be interested in studying income differentials between states before this period. These can be obtained from the NCAER's (National Council of Applied Economic Research) estimates of 'State Income at constant prices of 1960-61, for fourteen states of India for the period 1950-51, 1955-56 and 1960-61. However, since the present study is concerned with the period 1967-68 to 1985-86, we have excluded the NCAER data from our analysis.

ADJUSTMENTS REQUIRED TO MAKE THE DATA COMPARABLE

In our analysis, we have used the C.S.O estimates of state domestic product. Our first task is to convert these from current prices to constant prices, so that they can be used for temporal variations. For this the effect of price changes overtime needs to be removed. The states of our country experienced different rates of price changes, ie, prices do not

increase or decrease at the same rate in all states. Therefore, firstly, a relevant price index is constructed for all states, and then it is used to deflate the series on state domestic product of current prices. But the construction of such series is a very difficult task.

Ms. Roy Chowdhry of the NIFPF (National Institute of Public Finance and Policy), made use of the implicit price indices at the sectoral level, obtained from the state statistical bureau's income estimates at current and constant prices. But further adjustments are required to be done here too, as the old series is available at constant prices of 1970-71, and the new series at constant prices of 1980-81. But, the adjustment figures at constant prices of 1970-71 are available upto 1984-85. So the data for the years, 1980-81 to 1984-85, is available at constant prices of 1970-71 and at constant prices of 1980-81. Therefore, it was possible to change the data using the old base, by deflating it. This helps to obtain income estimates for all states at constant prices of 1980-81, from 1967-68 to 1985-86, and hence facilitates a study of inter-regional and intertemporal comparisons between all states of India.

For my present analysis work, I have made use of these estimates obtained from the study by Ms Roy Chowdhry.

The population data is available at the time points 1960-61, 1970-71, 1980-81 and 1990-91 from the census. As the present study analysis the inter-state disparities in terms of per capita income overtime, it was necessary to obtain the population figures for the initial and final points of time. Once these are obtained it is easy to interpolate population figures for all years by using the figures of the annual growth rates.

It was how'ever not necessary as the population figures for these years are available in Ms. Roy Chowdhry's analysis too.

DISPARITY IN PER CAPITA INCOME DURING 1967-86

The present section analysis the changing pattern of inter-state disparity in India using data on per capita State domestic product. The period covered in the study is 1967-68 to 1985-86.

The co-efficients of variation have been calculated for all the years under study as this has been considered the most appropriate measure of dis-

parity. It may be noted that the co-efficient of variation is a better measure of disparity in any intertemporal analysis of income since per capita income has increased consistently during the period of study. This implies that the relative inequality remaining unchanged, the standard deviation would have reported on increase in disparity due to the increase in the average per capita income. The use of the co-efficient of variation helps to avoid this problem.

The use of co-efficient of variation to study inter-state disparities was made by Nair, A.K. Singh, Tewari and Hemlata Rao. All indicated that the inter-state disparities were growing overtime.

In Table 1, we present the values of the co-efficient of variation, of per capita income for all states between 1967-68 and 1985-86. We observe that over this time the value of the co-efficient of variation has increased from 26.5% to 31.5%. In the initial years 1967-68 to 1969-70, the per capita income disparities increased from 26% to 28%. In the year 1970-71, there was a rapid decline in the value of co-efficient of variation, from 28.0% to 22.4%. In the period between 1970-71, and 1975-76, the co-efficient of variation was stabilised between

22.0% and 24%. In 1976-77, there was a rapid increase to 28.0%, and for the next three years the co-efficient of variation remained stable at this position. In 1979-80, once again the co-efficient of variation increased to 32%, but from then to the end of the study period, the value of the co-efficient of variation has remained stable at this level.

In brief, the inter-state disparities have increased only marginally since the initial period of study, and of late even this increase has stopped, and now the level of disparities has more or less stabilised.

In almost all years, the high growth rates states have been Haryana, Maharashtra and Punjab (with a rate of growth of over 4.0% p.a), and the low growth states have been Tamil Nadu, Uttar Pradesh, Bihar and West Bengal. Underdevelopment is a multi dimensional phenomenon. The size of the state - in terms of area and population, are important factors, effecting growth and development in a state as may be the large states are difficult to manage. Also the low resource base of the low growth states acts as a constraint to their future development. Also the investment level and infrastructural facilities

available to a state, affect its performance. The rate of development is higher in states, where the human and material infrastructure facilities are more developed.

The analysis of the co-efficient of variation of per capita income reveals that the country is now slowly moving out of the divergent phase of the inverted V shaped curve. The rankings over the twenty year period are now stabilising, with Gujarat, Maharashtra and Punjab at the top, at Bihar, Orissa and Uttar Pradesh at the bottom. Hence it can be expected that now the movement of the co-efficient of variation would be such that the convergence of inter-state disparities, ie, a reduction in inter-state disparities occur. We can now conclude that the policy instruments to promote a more balanced pattern of regional development have finally proved effective, and have been strong enough to arrest the divergent trend of the inter-state disparities.

INTER-STATE DISPARITIES IN DIFFERENT SECTORS OF THE ECONOMY

We found that in the period 1967-68 to 1985-86, there was a slight increase in disparities in the initial stabilised at around 31.0% value of co-efficient of variation. But, which of the three

sector, agriculture, industry or infrastructure is actually responsible for the variations is a matter which can be resolved only if we study inter-state income disparities in different sectors of the economy. Therefore, we must also find the co-efficient of variation in the constituent sectors of the economy.

IN AGRICULTURE: With regard to the disparity in per capita state domestic product in agriculture, we observe that over the time frame under study, the value of the co-efficient of variation as presented in Table 2 increased from 30.0% to 42.5%, i.e, inter-state disparities in income level from agriculture widened considerably. In the initial period of study, the inter-state disparities widened considerably and by 1969-70, the value of the co-efficient of variation was about 35.0%. But, 1970-71, marks a major decline in the value of the co-efficient to 29%. Between 1970-71 and 1975-76, the value of the co-efficient of variation stabilised at on and around this level. In 1976-77, again, there was an increase in disparities, followed by a stable period upto 1980-81. However 1981-82 marked a period of major increase in disparities where the value of the co-efficient of variation rose to as high as 42%. After that it has also stabilised once again at on and around this value.

The increase in agricultural income can be attained by either increasing the area under cultivation, or by an increase in productivity. After the advent of the Green revolution in 1966, the differences in inter-state agricultural income have widened, as it is believed that the new technology has a built in bias towards promoting inequality, as the modern inputs show better response in well irrigated areas.

Agricultural development has shown a distinct improvement in the post-independence period. In case of growth, in the pre mid 1960's, expansion of area under cultivation was the main factor for increasing agricultural production, and after the mid 1960's, productivity was a more important factor. So the inter-state disparities which surfaced imply on uneven process of capitalist development in agriculture.

As Krishna Bharadwaj (1982) observes 'the benefits of the new technology in agriculture, appear to have accrued to districts, within the state, where either there was good rainfall, or they were well irrigated. The new technology therefore appears to have been adopted in regions, where the general level of well being was already high.

Whereas agricultural income in Punjab and Haryana increased at a very high rate, that of Orissa, Maharashtra and Andhra Pradesh show a falling rate.

Hence, as far as disparities in agricultural per capita income are concerned, we are still in the divergent phase of the inverted U Shaped curve of disparities.

IN INDUSTRY : Industrial disparities were always very high between the states. We observe in Table 3 that as far back as it 1967-68, too the value of the co-efficient of variation for inter-state income disparities in industry was as high as 51.0%. In the first couple of years it remained stable upto that level. In 1970-71, due to the recession in the industries, the value of the co-efficient of variation fell to 40.0%. Upto 1975-76, it remained constant or stable at this level, i.e there was not much change in the interstate disparities in industrial income between this period. How'ever from 1976-77 onwards, with the recovery of industrialisation, the value of the co-efficient of variation have been rising consistently, and are as high at 57.5% at present.

in the initial period under analysis, the level of disparities was at a high level as during the colonial period. the British developed industries in only those areas which were rich in raw materials. Since these regions already had all the industrial infrastructure facilities developed, it induced the

entrepreneurs to concentrate their attention here. This led to the growth of industrial agglomerations in developed areas, and hence high level of inter-state disparities. Then, though after the initiation planning, priority was given to the backward areas, for spread of industries or industrial diversification, it was not enough, because differences existed in other forms too, like, utilisation of capacity, productive efficiency, size of industrial licenses, etc. All these tended to magnify inter-state disparities.

In the early 1970's, the inter-state income disparities in industry fell substantially, as in 1969, a national programme for industrialisation of backward areas was launched, to bring about balanced regional development. They provided a variety of incentives like transport subsidies, etc, to attract the entrepreneurs to set up industries in the backward regions. The impact of this was favourable, and inter-state disparities in industrial income were substantially reduced.

After the mid 1970's, the inter-state disparities in industrial income are again widening, as focus has shifted from 'regional balance, and development of backward regions' to 'efficiency and high productivity'. Aim of development of late has been to attain

rapid industrialisation in those areas, where maximum yield or returns can be obtained. Hence the fruits of development are once again being realised by the already industrialised and developed states.

The states of Maharashtra and Gujarat, are way ahead of the remaining states in terms of level of industrialisation. Hence, overtime, we observe that the per capita income disparities in the industrial sector, which had fallen initially, due to development of backward regions, has risen once again as focus shifted from balanced growth to 'efficient resource utilisation with maximum returns'.

IN INFRASTRUCTURE : The pattern of inter-state disparities in infrastructure development have followed a path different from income in agriculture or industry. (as we see in Table 4, the value of the co-efficient of variation increased slowly till the mid 1970's, to a level of 40.0% as compared to 36.0% in 1967-68. In the mid seventies, the value of the co-efficient of variation declined substantially, and came down to a level of 31.0%. Since 1980-81, the value of the co-efficient of variation has followed a more or less stable pattern and hence there has not been much change in the level of disparities in infrastructural development since the early 1980's.

This reduction and then stability in the value of the co-efficient of variation for inter-state disparities in infractural income have been possible, as India has a federal set up and centre-state transfer of resources is possible. Also the diffusion of skill and technology brings about an improvement in the development of the backward states. In recent years, efforts are also being made to modify the distribution of resources in favour of the backward states.

EXPLAINING THE INTER-REGIONAL DISPARITIES OVERTIME-AN
ANALYSIS OF INTERDEPENDENCIES

In this, section we identified a number of exogeneous variable, for explaining the variation in per capita aggregate income and the sectoral income in different states. Our study pertains to the period 1967-68 to 1985-86, hence the three points of time have been selected from within the period. For this reason, the three points of time we choose are 1970-71, 1980-81 and 1985-86. Our next problem is in the choice of indicators, which we feel influence the level of per capita income.

CHOICE OF INDICATORS: Since our concern is with the determination of what factors influence the income level of a state, we must choose those indicators which we feel affect income. The first indicator

selected in the analysis is the rate of growth of population. Since per capita income is total income divided by the total population. Hence we find this an important variable, as it is felt that income level per capita will be lower in states, where the rate of growth of population is high. The second indicator considered in the study is the percentage of literates to total population, as it is common belief that as the level of education rises, so does the level of income. Since these are directly related, it is necessary to regard the literacy level to see its impact on per capita income. The Third indicator we consider is, the rate of growth of urban population' as the income level of urban centres is believed to be higher than the income in rural areas. So it is believed that the rate of growth of urban population too is an indicator of income level. The Fourth indicator is the percentage of urban population to total population, for the same reason as above. Lastly, the percentage of Non_Agricultural workers to total workers, as we believe that non agricultural activities are undertaken as they have direct reolationship with increasing income, which is why the population moves away from agricultural activities towards it.

These are co-related with per capita income of the states, percentage of Agrīcultural income to total

income, percentage of industrial income to total income and percentage of tertiary income to total total income and results are given in Table 5.

In the 16 years period the per capita income increased substantially from Rs.1461 to 1874 per annum at 1980-81 constant prices. What determined this increase? We observed that total per capita income did not have a strong positive or negative co-relation with any of the indicators. It does have a positive, though not very significant relation with the proportion of urban population to total population. It also has a positive co-relation, yet again not very significant, to workers engaged in non agricultural activities. As for the rest of the indicators, they had little or no impact on per capita income.

As far as the percentage of Agricultural income total income goes, it had a very strong negative co-relative with the percentage of urban population to total population (-0.54 in 1971 to - 0.64 in 1986).

It also has a very strong negative co-relation to percentage of income from industrial sector (-0.73) and percentage of income from tertiary sector (-0.8).

This implies that those states which have an advanced industrial and tertiary sector, generating high incomes, generally have a low income generating agricultural sector. Also those areas which are more urbanised have a lower proportion of income from agriculture.

Next, we consider the proportion of industrial income to total income, This has a significant relation with no other indicator, except the percentage of income from agriculture, with which it has a very strong negative co-relation (about -0.75). This implies that where industrial income is high, agriculture is not a significant activity there.

Lastly, consider the percentage of tertiary income to total income. This has a very strong negative co-relation with percentage of Agricultural income to total income, which again implies that where infra structural activities generate high incomes, there agricultural activities are not very important.

In this study of income, we thus see that besides the percentage of urban population to total population, the rest of the indicators, do not have a very significant positive or negative co-relation with either total income or sectoral income. The rate of growth of urban population has significant posi-

tive co-relations with the percentage of literates and proportion of population in non agricultural activities, but not with income level. The percentage of population in non agricultural activities too, has a strong positive co-relation with the level of literacy, but not with income. The rate of growth of population has no significant relation with any of the indicators, except the percentage of literates to total population, with which it has a significant positive co-relation, but this cannot be true, as it is believed that increased literacy, reduces the rate of growth of population. Hence, it can be explained by migration of educated people to the developed states, and not by natural increase. Lastly, considering the percentage of literates to total population, we observe that it has a strong positive co-relation with percentage of population in non agricultural activities (0.71 to 0.83). This is because education makes one move away from agriculture to other activities and therefore, it also has a strong negative co-relation with percentage of agricultural income to total income.

Thus it may be observed that urbanisation and primacy (share of largest cities in total population of the state) are the most important variables in determining income level of a state. They are the

most important variables in determination of industrial activity, and to some extent tertiary activities. On the other hand, growth of urban population, reduces the agricultural income of the state to a large extent.

AN OVERVIEW OF RESULTS :

The above analysis of the interstate variation of total per capita income, and sectoral per capita income, indicated that inter-state income disparity had not reduced during the period 1967-68 to 1985-86. It had increased in the initial years, but after a while it had stabilised at a value of about 30.0%, but the initial increase was marginal. In Agricultural per capita income, disparities had increased, especially since the beginning of the 1980's. This can be attributed as the major cause of the widening disparities in the per capita income between states. The disparity in industrial income, first declined during 1967-68 to mid 1970's, which was the period of industrial recession, and then increased thereafter as there was revival of industrial growth after mid 1970's. The industrial disparities were large enough in the initial period, and are still at a very high level. Finally, with regard to per capita income in services, the entire period can be divided into three phases. In the first phase, from 1967-68 to 1975-76, we observe a distinct increase in the level of disparities. In the second phase, the disparities between the states states decreased considerably. This period accounted for mid 1970's upto 1981-82. And in the third phase, i.e, 1981-82 to 1985-86, we observe that there has been stability in the level of inter-state disparities.

Therefore, we observe that the major contributor to the widening inequality between states is agriculture. In industry too, the increase in the level of inter-state disparities is rising. Only in the tertiary sector, there has been no increase in inter state disparity, because of the Federal Structure of our country, whereby the infrastructural development is even and the gaps in the level of development are smoothed out.

As for the co-reolations, we observed that only the percentage of urban population has a significant impact on income. it increases industrial and tertiary income and reduces agricultural income.

TABLE 1

TOTAL PER CAPITA STATE DOMESTIC PRODUCT

YEAR	NO. OF STATES	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1967-68	15	1372	363.8	26.5
1968-69	16	1329	339.9	25.5
1969-70	16	1370	384.3	28.0
1970-71	17	1441	327.7	22.4
1971-72	17	1430	341.7	23.9
1972-73	17	1379	307.5	22.3
1973-74	17	1432	335.5	23.4
1974-75	17	1396	336.5	24.2
1975-76	17	1512	376.6	24.9
1976-77	17	1521	430.0	28.3
1977-78	17	1622	459.7	28.3
1978-79	17	1655	476.9	28.9
1979-80	17	1525	492.8	32.3
1980-81	17	1667	492.0	29.5
1981-82	17	1752	529.4	30.2
1982-83	17	1729	538.3	31.1
1983-84	17	1805	528.3	29.2
1984-85	17	1828	573.6	31.4
1985-86	17	1852	583.4	31.5

TABLE 2

PER CAPITA SPENDING ON AGRICULTURE

YEAR	NO. OF STATES	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1967-68	15	686	226.4	30.5
1968-69	16	694	181.3	27.6
1969-70	16	694	244.7	35.2
1970-71	17	749	220.2	29.4
1971-72	17	714	196.9	27.1
1972-73	17	662	210.5	31.8
1973-74	17	651	194.8	28.0
1974-75	17	660	192.1	28.8
1975-76	17	728	206.0	28.2
1976-77	17	691	231.0	32.0
1977-78	17	744	225.6	31.3
1978-79	17	735	247.0	33.6
1979-80	17	633	213.4	33.7
1980-81	17	739	264.1	35.7
1981-82	17	750	323.3	43.3
1982-83	17	725	291.9	40.2
1983-84	17	784	270.0	34.4
1984-85	17	750	282.1	37.6
1985-86	17	746	317.6	42.5

TABLE 3

PER CAPITA SDF IN INDUSTRY

YEAR	NO. OF STATES	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1967-68	15	293	150.0	51.3
1968-69	16	290	147.0	50.5
1969-70	16	289	138.0	47.7
1970-71	17	301	123.2	40.9
1971-72	17	304	120.2	39.4
1972-73	17	313	125.4	39.9
1973-74	17	312	127.0	40.7
1974-75	17	318	124.4	39.1
1975-76	17	346	135.7	39.3
1976-77	17	350	147.9	42.2
1977-78	17	371	160.4	43.2
1978-79	17	384	164.8	42.9
1979-80	17	367	164.6	44.8
1980-81	17	382	196.1	51.2
1981-82	17	398	197.6	49.6
1982-83	17	403	198.0	49.1
1983-84	17	415	226.7	54.6
1984-85	17	441	230.6	52.3
1985-86	17	440	253.7	57.5

TABLE 4

PER CAPITA SDF IN SERVICES

YEAR	NO. OF STATES	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1967-68	15	393	142.1	36.1
1968-69	16	364	149.0	38.7
1969-70	16	364	144.4	37.6
1970-71	17	390	137.0	35.0
1971-72	17	398	142.0	35.6
1972-73	17	403	140.5	34.8
1973-74	17	411	151.0	36.7
1974-75	17	401	161.7	40.3
1975-76	17	417	167.8	40.2
1976-77	17	479	178.8	37.2
1977-78	17	505	194.5	38.4
1978-79	17	520	200.7	38.5
1979-80	17	527	201.6	38.2
1980-81	17	555	173.6	31.3
1981-82	17	581	181.2	31.1
1982-83	17	598	193.7	32.4
1983-84	17	614	193.1	31.4
1984-85	17	637	199.5	31.2
1985-86	17	665	200.0	30.0

TABLE 5

Variable	Cases	Mean	Std Dev
X1	17	2.5365	.3574
X2	17	30.2206	10.3001
X3	17	3.8747	.9045
X4	17	1481.3824	323.9430
X5	17	51.7294	10.5553
X6	17	20.4882	5.2889
X7	17	27.7824	7.6044
X8	17	2.4747	.3821
X9	17	37.6247	11.2863
X10	17	4.7524	1.1233
X11	17	1694.5294	491.0012
X12	17	43.7882	10.1601
X13	17	22.9471	7.1233
X14	17	32.6765	5.8097
X15	17	2.3112	.5150
X16	17	39.6353	15.1376
X17	17	3.5253	1.3013
X18	17	1874.4110	594.5376
X19	17	20.4824	10.0084
X20	17	24.0612	6.6627
X21	17	36.6882	6.4035
X22	17	18.8058	10.2231
X23	17	21.2059	9.2094
X24	17	22.3824	9.6031
X25	17	23.3941	8.7866
X26	17	31.6941	9.1846
X27	17	33.3000	9.7006
X28	17	32.4529	4.0173
X29	17	33.0110	4.5962
X30	17	33.0110	4.5962
X31	17	877.5882	375.2334
X32	17	1190.8235	468.4863
X33	17	1026.1176	427.8565
X34	17	1265.8824	493.3626
X35	17	1145.7059	466.1342
X36	17	1399.0688	549.8521

Correlations:	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10
X1	1.0000	.0070	.2421	.3745	.1959	-.0082	-.2662	.4909	.0724	.0743
X2	.0070	1.0000	-.2252	.3295	-.5193	.3750	.4601	-.5801*	.9930**	-.6261*
X3	.2421	-.2252	1.0000	-.2143	.3176	-.0192	-.4276	-.1101	-.1996	.4692
X4	.3745	.3295	-.2143	1.0000	-.1527	.3539	-.0258	.1822	.3532	-.0966
X5	.1959	-.5193	.3176	-.1527	1.0000	-.7306**	-.8800**	.4167	-.4361	-.7713**
X6	-.0082	.3750	-.0192	.3539	-.7306**	1.0000	.3186	-.1553	.3760	-.4929
X7	-.2662	.4601	-.4276	-.0258	-.8800**	.3186	1.0000	-.4704	.4127	-.7236**
X8	.4909	-.5801*	-.1101	.1822	.4167	-.1553	-.4704	1.0000	-.5649*	.4018
X9	.0724	.9930**	-.1996	.3532	-.4361	.3760	.4127	-.5649*	1.0000	-.6279*
X10	.0743	-.6261*	.4692	-.0966	-.7713**	-.4929	-.7236**	.4018	-.6279*	1.0000
X11	.2517	.3705*	-.3769	.8959**	-.2341	.3238	.0927	.1152	.3526	-.2693
X12	-.3122	-.5731*	.2430	-.0944	.9033**	-.5807*	-.6500**	.3369	-.5344	-.7755**
X13	.1217	.5025*	-.2285	.2767	-.8192**	.7056**	.6450*	-.2510	.5435	-.6136*
X14	-.3916	.3784	.1122	-.1541	-.5504*	.1041	-.7022**	-.3336	.2507	-.6100*
X15	.2917	-.3783*	-.1057	-.0492	.3336	-.2265	-.3044	.8829**	-.6829*	.4375
X16	-.3995	.3080*	.3409	.3483	-.4828	.4299	.3435	-.5830*	.8823**	-.4743
X17	-.0145	.3093	-.6734	.1276	.6722	.0143	-.1101	-.1847	.3586	.1692
X18	.1194	.3031	.2317	.3655**	-.2921	.3648	.1518	.0235	.3099	-.2297
X19	-.0590	-.5681*	.1934	-.1188	.9909**	-.6596*	-.7895**	.2699	-.5300	-.7184**
X20	.1372	.3412	-.1993	.3191	-.8397**	.7520**	.6384*	-.0914	.4107	-.5822*
X21	-.1758	.4541	-.1778	-.1482	-.5469	.3208	.5380	-.2261	.4100	-.4673
X22	.3014	.3004	-.2372	.3936	-.5813*	.4325	.5019	.0054	.0215	-.2294
X23	-.0135	.4121	-.3678	.4528	-.6429*	.4057	.5546	-.1569	.3481	-.3300
X24	.0001	.4855	-.3050	.4840	-.6380*	.4721	.5903	-.1779	.4009	-.3307
X25	.3302	.7092**	-.3835	.3724	-.3474	.0378	.4560	-.1747	.7206**	-.6381*
X26	.3384	.9089**	-.4151	.4833	-.3135	.0976	.3673	-.1800	.8184**	-.8003*
X27	.3363	.8345**	-.4094	.4898	-.2914	.1210	.3204	-.1869	.8443**	-.5724*
X28	-.2452	-.2387	.0363	-.1452	-.0163	.2015	-.1175	.1605	-.2679	.1100
X29	-.0328	-.3227	.1455	-.0407	-.0160	.1947	-.1132	.2870	-.3973	.1950
X30										
X31	-.2087	-.0167	-.1190	-.0462	-.1866	-.0237	.2756	.0419	-.0095	-.0550
X32	-.1923	.0490	.0418	-.1753	-.2395	.0422	.3031	-.0892	-.0320	-.0360
X33	-.2021	.1117	-.1437	-.0441	-.1955	-.0380	.2933	-.0161	.0282	-.0361
X34	-.1772	.1467	-.0056	-.1851	-.2591	.0060	.3555	-.1252	.0642	-.1117
X35	-.2331	.1197	-.1135	-.0953	-.1926	-.0699	.3160	-.0720	.0374	-.0360
X36	-.1853	.0995	.0068	-.1795	-.1869	-.0588	.2982	-.1216	.0206	-.0622

N of cases: 17 1-tailed Signif: * = .01 ** = .001

.. is printed if a coefficient cannot be computed

Correlations:	X11	X12	X13	X14	X15	X16	X17	X18	X19	X20
X1	1.0000	-.0120	.1217	-.0916	.2917	-.0905	-.0146	.1884	-.0590	.1878
X2	.3305	1.0000	.6020*	.2704	-.6769*	.8952**	.3853	.3031	-.5631*	.3413
X3	-.3789	.2480	1.0000	-.1122	-.1053	-.2429	-.0734	-.3637	.1884	-.1983
X4	.8050**	-.0944	.2707	-.1541	-.0492	.3493	.1270	.8655**	-.1136	.3181
X5	-.2341	.8033**	-.2182**	-.5584*	.3330	-.4628	.0722	-.2921	.3989**	-.8397**
X6	.3230	-.5807*	.7050**	.1041	-.2268	.4299	.0143	.3646	-.6590*	.7580**
X7	.8987	-.2500**	.8450*	.7022**	-.3044	.3435	-.1101	.1518	-.7395**	.6384*
X8	.1152	.3368	-.2518	-.3336	.8829**	-.5032*	-.1847	.0235	.2699	-.0914
X9	.3526	-.5344	.5485	.2507	-.6829**	.3823**	.3586	.3099	-.5300	.4107
X10	-.2693	.7755**	-.6186*	-.6186*	.4378	-.4743	.1698	-.2287	.7184**	-.5822*
X11	1.0000	-.1728	.2695	-.0346	-.0663	.2654	-.0753	.9644**	-.1522	.3496
X12	-.1728	1.0000	-.8868**	-.6139*	.2321	-.4408	.1267	-.2031	.9526**	-.8772**
X13	.2695	-.8868**	1.0000	.2273	-.2182	.6099*	.0878	.3215	-.8877**	.9471**
X14	-.0346	-.6139*	.2273	1.0000	-.2268	.0007	-.2746	-.0431	-.5242	.2793
X15	-.0663	.2321	-.2182	-.2268	1.0000	-.6588*	-.2387	-.0831	.2317	-.0762
X16	.2654	-.4408	.6099*	.0007	-.6588*	1.0000	.6077*	.3000	-.4587	.4062
X17	-.0753	.1267	.0878	-.2746	-.2387	.6077*	1.0000	-.0207	.0108	-.0664
X18	.9644**	-.1522	.3215	-.0431	-.0831	.3000	-.0207	1.0000	-.1562	.3803
X19	-.1522	.9526**	-.8877**	-.5242	.2317	-.4587	.0108	-.1562	1.0000	-.9154**
X20	.3496	-.8772**	.9471**	.2793	-.0762	.4062	-.0664	.3803	-.9154**	1.0000
X21	.0900	-.0101	.2485	.1785	-.1284	.3378	-.0428	-.1182	-.6824*	.5449
X22	.3007	-.5847*	.7270**	.0517	.0948	.2188	-.0471	.5080	-.5858*	.7460**
X23	.4179	-.8530**	.8246**	.0413	-.1072	.5471	.2324	.5354	-.8541*	.7750**
X24	.4208	-.8482*	.8200**	.0424	-.1408	.5920*	.2938	.5334	-.8608*	.7657**
X25	.5035	-.8480*	.3987	.4610	-.2590	.4091	-.1048	.4027	-.4538	.3868
X26	.5336	-.4871	.4371	.3373	-.3172	.5864*	.1141	.4383	-.4281	.3631
X27	.5355	-.4811	.4406	.3790	-.3470	.5444*	.1976	.4442	-.4063	.3507
X28	-.1391	.1111	-.1848	-.1252	.2528	-.1102	.2482	-.0977	-.0409	-.0225
X29	-.0901	.0319	.0049	-.1483	.4188	-.1938	.1525	-.0188	-.0926	.0996
X30										
X31	.1584	-.3215	.1484	.3535	.1518	-.2018	-.2994	.1849	-.2437	.2292
X32	-.0212	-.4248	.2818	.3448	.1015	-.0721	-.1359	.0466	-.3548	.3244
X33	.1059	-.3687	.2688	.3488	.0917	-.0443	-.1290	.1423	-.2987	.2416
X34	-.0132	-.4688	.3873	.3919	.0305	-.0148	-.1249	.0319	-.3988	.3291
X35	.0622	-.3647	.1875	.3909	.0420	-.0487	-.1343	.0959	-.2897	.2186
X36	-.0283	-.3988	.2289	.4008	.0398	-.0578	-.1411	.0194	-.3188	.2421

N of cases: 17 1-tailed Signif: * - .01 ** - .001

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Correlations:	X01	X02	X03	X04	X05	X06	X07	X08	X09	X30
X1	-.1750	.0014	-.0135	.0001	.3301	.3304	.3363	-.2452	-.0325	.
X2	-.4581	.0004	.4121	.4655	.7092**	.3009**	.3345**	-.1307	-.3227	.
X3	-.1770	-.1771	-.3676	-.3656	-.3035	-.4151	-.4094	.0363	.1456	.
X4	-.1488	.3036	.4500	.4640	.3724	.4633	.4096	-.1452	-.0407	.
X5	-.5488	-.5713*	-.6429*	-.6360*	-.3474	-.3135	-.2914	-.0163	-.0160	.
X6	.3000	.1305	.1857	.4701	.0370	.0976	.1210	.2015	.1947	.
X7	.5360	.5019	.5541	.5503	.4500	.3673	.3204	-.1175	-.1131	.
X8	.3011	.0854	-.1513	-.1779	-.1747	-.1200	-.1269	.1805	.2370	.
X9	.3197	.0910	.3491	.4009	.7200**	.3104**	.3443**	-.2679	-.3573	.
X10	-.1873	.1004	-.1300	-.1307	-.1371*	-.0003*	-.5724*	.1100	.1250	.
X11	-.0200	.3387	.4179	.4209	.5035	.5330	.5366	-.1390	-.0901	.
X12	-.1401*	-.5047*	-.5530*	-.5482*	-.5460	-.4970	-.4811	.1111	.0319	.
X13	.5657*	.7276**	.9246**	.9209**	.3927	.4379	.4408	-.1040	.0049	.
X14	.1365	.0517	.3413	.0404	.4810	.3373	.2790	-.1252	-.1403	.
X15	-.1254	.0940	-.1671	-.1406	-.2690	-.3172	-.3476	.2520	.4103	.
X16	.1370	.1100	.5471	.5929*	.4091	.5084*	.3444*	-.1102	-.1930	.
X17	-.0401	-.0471	.0324	.2939	-.1046	.1141	.1976	.2492	.1525	.
X18	.1100	.0000	.3354	.3334	.4027	.4303	.4442	-.0977	-.0100	.
X19	-.6024*	-.5053*	-.6541*	-.6606*	-.4539	-.4201	-.4007	-.0409	-.0920	.
X20	.5449	.7430**	.7750**	.7657**	.3686	.3031	.3507	-.0225	.3996	.
X21	1.0000	.5537	.3013	.3910	.3477	.2930	.2493	.1913	.1935	.
X22	.2637	1.0000	.7218**	.3873**	.0623	.0600	.0509	.0390	.2464	.
X23	.3517	.9216**	1.0000	.9962**	.2330	.3000	.3100	.0300	.1843	.
X24	.1017	.1070**	.0660**	1.0000	.2627	.3453	.3620	.0450	.1005	.
X25	.3477	.0417	.1330	.2627	1.0000	.9596**	.9236**	-.4510	-.4205	.
X26	.1070	.0500	.1000	.3453	.9596**	1.0000	.9939**	-.4403	-.4435	.
X27	.1497	.0500	.3110	.3620	.9236**	.9939**	1.0000	-.4200	-.4450	.
X28	.1017	.1000	.1000	.0450	-.4510	-.4403	-.4200	1.0000	.9264**	.
X29	.1977	.2000	.1047	.1000	-.4200	-.4435	-.4450	.9264**	1.0000	.
X30	.	.	.	.	.	.	.	.	.	1.0000
X31	.1100	.1340	.1791	.2660	.1810	.1001	.0560	.0511	.1033	.
X32	.1913	.1070	.1655	.3573	.1104	.0507	.0202	.1093	.1911	.
X33	.0500	.1000	.1500	.3047	.2205	.1900	.1617	.0950	.1490	.
X34	.1041	.1370	.2017	.3677	.2230	.1693	.1371	.0660	.1270	.
X35	.1031	.1014	.1223	.3230	.2312	.1979	.1500	.0401	.0793	.
X36	.0600	.1017	.1001	.0990	.1940	.1403	.1115	.0240	.0925	.

N of cases: 17 1-tailed Signif: * = .01 ** = .001

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Correlations:	X01	X02	X03	X04	X05	X06
X1	-.0007	-.1993	-.0000	-.1772	-.0331	-.1053
X2	-.0167	.0491	.1117	.1467	.1197	.0995
X3	-.1196	.0419	-.1437	-.0058	-.1135	.0266
X4	-.0402	-.1753	-.0441	-.1651	-.0953	-.1795
X5	-.1368	-.0395	-.1955	-.0591	-.1926	-.1369
X6	-.0237	.0422	-.0333	.0060	-.0699	-.0558
X7	.0756	.3031	.0983	.3555	.3160	.2982
X8	.0416	-.0892	-.0161	-.1252	-.0720	-.1216
X9	-.0095	-.0300	.0082	.0640	.0374	.0206
X10	-.0056	-.0360	-.0361	-.1117	-.0860	-.0628
X11	.0516	-.0012	.0559	-.0132	.0622	-.0283
X12	-.0215	-.0149	-.0307	-.0869	-.0647	-.0991
X13	.0024	.0010	.0000	-.0679	.0175	.0209
X14	.0535	.3021	.0301	.0916	.0901	.0400
X15	.0517	.0517	.0317	.0300	.0429	.0390
X16	-.0515	-.0721	-.0212	-.0140	-.0497	-.0578
X17	.0126	.0779	-.0100	-.1043	-.1343	-.1411
X18	-.1141	.0466	.1423	.0319	.0959	.0194
X19	-.0437	-.0540	-.0667	-.0308	-.0997	-.0105
X20	.0282	.0244	.0410	.0291	.0160	.0421
X21	.0100	.0913	.0160	.0644	.0632	.0630
X22	.0474	.0054	.0000	.0730	.0214	.0212
X23	.0791	.0695	.0650	.0687	.0223	.0021
X24	.0665	.0573	.0647	.0677	.0230	.0980
X25	.0118	.0104	.0005	.0232	.0312	.0140
X26	.0601	.0577	.0900	.0693	.0379	.0426
X27	.0640	.0690	.0617	.0371	.0508	.0115
X28	.0511	.0997	.0951	.0561	.0402	.0246
X29	.0333	.0911	.0436	.0270	.0793	.0925
X30	.	.	.	.	.	.
X31	1.0000	.9300**	.9194**	.9325**	.9692**	.9374**
X32	.9300**	1.0000	.9430**	.9057**	.9490**	.9344**
X33	.9194**	.9430**	1.0000	.9633**	.9640**	.9622**
X34	.9325**	.9057**	.9633**	1.0000	.9721**	.9317**
X35	.9692**	.9490**	.9640**	.9721**	1.0000	.9752**
X36	.9374**	.9344**	.9622**	.9317**	.9752**	1.0000

4 of cases = 17 Deleted Signif: * = .01 ** = .001

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CH_4 INTER-STATE INEQUALITY IN CONSUMPTION PATTERN

Per capita consumption expenditure, is another indicator of development, which has been analysed by several scholars, to study inter-state disparities. In this chapter, an attempt is made to study the changing pattern of variation in consumption expenditure over the period 1966-88. Explanation of the variation in terms of a set of socio-economic indicators has also been attempted in this chapter.

DATABASE FOR TEMPORAL ANALYSIS OF DISPARITY

Data on per capita consumption expenditure (PCCE) can be taken as a measure of the standard of living of the people. Data is available from the various rounds of the National sample survey organisation (NSSO) pertaining to household expenditures, between the period 1966-88. The data is published for all the states at current prices, which provide a basis for inter-state analysis.

The data on per capita consumption expenditure is available for both rural and urban population separately on a monthly basis. These can be converted to annual estimates by multiplying by the number of months in a year.

Since the per capita consumption expenditure data is available only at current prices, we cannot use it to determine the rate of growth of per capita consumption expenditure in each state. In order to determine the rate of growth of per capita consumption expenditure we have to convert it into constant prices.

The current prices data directly available from the National sample survey organisations results, can be converted to constant prices of 1980-81, by using independent cost of living indices. Since those indices are different for rural and urban areas, they have to be calculated separately for both.

The total per capita consumption expenditure of the rural population of the state can be easily obtained by multiplying the state specific rural average per capita expenditure on the commodity group, viz, food and non food items, with the total rural population of the state. Similarly, the total expenditure of the urban population of the state can be obtained by multiplying the state specific urban average per capita consumption expenditure on the commodity group, with the total urban population of the state. And, the All India, rural or urban index for each commodity group is obtained by taking the weighed average of

the state specific rural or urban price indices, for the commodity groups across the states.

ADJUSTMENTS REQUIRED TO MAKE DATA COMPARABLE

For deflating the rural per capita consumption expenditure, the consumer price indices for agricultural labour have been used with the weighting diagram of 1960-61. The price indices for agricultural labour have been converted from the 1960-61 base to 1980-81 base.

To deflate the urban per capita consumption expenditure, the urban cost of living indices have been constructed as a simple average of the consumer price indices for urban non manual employees and industrial workers. The urban per capita consumption expenditure has been deflated by this cost of living indices, to arrive at per capita consumption expenditure for urban areas at constant prices.

The overall India/state constant price indices are thus the weighted average of the urban and rural constant price estimates of per capita consumption expenditure, with rural and urban population as weights.

This method was used by Ms Roy Chowdhry, to obtain per capita consumption expenditure (rural

and urban) at constant prices of 1980-81

Minhas (1988) too, constructed Rural and urban cost of living indices for different NSS periods, based on retail prices. But we have not used this method, and the data thus generated, for a number of reasons. Firstly, our analysis pertains to the period 1967-68 to 1985-86, whereas Minhas' data on per capita consumption covers only the period after 1970-71. Secondly, since our income data has been analysed by converting them to 1980-81 constant prices, the consumption data using constant prices of 1980-81, would be more appropriate. Minhas, on the other hand, has obtained data at constant prices of 1970-71 and 198³~~6~~. Use of this data would make the task of inter state comparisons more difficult.

The inter state comparisons of living standards in terms of per capita consumption expenditure has the inherent problems due to the variations in absolute price levels between states. Therefore, to make the comparisons meaningful, one must account for the purchasing power parity between the states. After this, we get the values of per capita consumption expenditure at all state average prices, which provide a more appropriate basis for inter-state comparisons.

Since these are not easy to calculate. The uniform price indices have been used for all states. However the rural and urban distinction has been maintained.

DISPARITY IN THE TOTAL (RURAL & URBAN) PER CAPITA CONSUMPTION EXPENDITURE DURING 1966-88

The present section presents the results of an analysis of the changing pattern of inter-state disparities in India using data on per capita consumption expenditure.

The co-efficient of variation have been calculated for all the eleven years for which consumption rounds were conducted the National Sample Survey. The co-efficient of variation is a better measure than standard deviation since per capita consumption expenditure has been increasing consistently.

In Table 6, we present the values of the co-efficient of variation, of per capita consumption expenditure for all states during 1966-67 and 1987-88. We observe that the initial level of the value of the co-efficient of variation in consumption is lower than the value of the co-efficient of variation of per capita income, as the income is remitted home by the migrant workers, which increases the consumption level of the population in the poorer states, we

observe that during 1966-88. The value of the co-efficient of variation came down from 18.7% to 14.2%. In the initial years, i.e. during 1966-67 and 1972-73, the value of the co-efficient of variation fluctuated between 16.0% to 18.0%, with marginal increase and decrease. This implies that in this period there was not much decline or widening of the disparity levels. In 1973-74, there was a noticeable reduction in the level of disparities, as the co-efficient of variation fell to 13.6%. But in the next round conducted four years later in 1977-78, the value of the co-efficient of variation had gone up to as high as 22.0%. But since then the level has been consistently falling and at present is at 14.0%.

In brief, the inter-state disparities as regarding the level of the per capita consumption expenditure have been narrowing, except for 1977-78, when the level of disparities rose to a high level of 22.0%.

For almost all the years the per capita consumption expenditure in Punjab and Rajasthan, have nearly been twice the size of per capita consumption expenditures in Bihar and Orissa. We observe that the income level of the state is an important factor

determining its consumption level, as people can consume more only if they have enough income.

When we discuss the co-efficient of variation of per capita consumption expenditure, we observe that the country has probably moved into the converging phase of the inverted U shaped curve, as the initial periods of 1966-67 to 1973-74, were the period of stability. Also the rankings have been stable overtime, and so we can expect the consumption disparities to fall further.

We observed that in the period 1966-88, there was a slight reduction in the consumption disparities between states. However it would be worthwhile to enquire whether it is the urban sector or the rural sector, which is responsible for this declining trend. This can be resolved by studying the interstate consumption expenditure disparities for rural and urban areas separately.

INTERSTATE DISPARITY IN PER CAPITA CONSUMPTION EXPENDITURE IN URBAN AREAS :

Urban inequality was sharper than rural inequality in the initial period. With regard to per capita consumption expenditure in urban areas, we observe that the value of the co-efficient of variation has

come down from 14.5% to 9.9%, i.e, the level of inter-state disparities in urban per-capita consumption expenditure has come down.

In 1966-67 it was at a level of 14.4%. But in the following year, it had come down to 11.0%. During 1967-68 and 1977-78, the value of the co-efficient of variation remained between 10.0% and 11.0%. This period can be thus denoted as the period of stability. After 1977-78, the value of the co-efficient of variation again started falling, and by 1983, it was just 8.9%, but it has again begun to rise.

Briefly we can say that the disparity in per capita consumption expenditure has come down over time, but since 1970-71, they have been more or less stable, with just marginal increase or decrease from time to time. The consumption disparities are coming down in the urban areas, especially on non food items. We can analyse the pattern of inter-state disparity with regard to food items and non food items, by finding the co-efficient of variation for these.

Taking urban per capita consumption expenditure on food and non food items separately, we observe

that overtime there disparities have come down. In 1965-66, the co-efficient of variation for food items was 11.4%. In early 1970's this level of disparity had gone up to as high as 19.8%. But since 1973-74, this level has been coming down significantly and at present is at a level of 9.8%. This implies that per capita consumption expenditure on food items in urban areas, the level of disparities are not very high. In the early 70's, the disparities had increased, but since then they have been consistently falling. As for non food items, the co-efficient of variation in urban areas was as high as 28.0% in 1965-66, and this level remained more or less stable till the end of the 1960's. In early seventies, the value of the co-efficient of variation rose further to a level of 33.0%. But since the mid seventies there has been a steady decline in the value of the co-efficient of variation for non food items in urban areas, and at present it is at a level around 16%.

Hence we can clearly see the inter-state disparity in case of per capita consumption on food items is much lower than the co-efficient of variation of per capita consumption expenditure in non food items. But at present the levels of both are falling and the inter-state disparity level is expected to reduce further in urban areas.

INTERSTATE DISPARITY IN PER CAPITA CONSUMPTION EXPENDI-
TURE IN RURAL AREAS

The rural disparities in consumption were lower than the urban disparities, and in 1966-67, the value of the co-efficient of variation was 13.37%. Whereas in 1967-68, the value of the co-efficient of variation came down to 10.3% it rose to 12.5% again in 1968-69. Till 1977-78, it fluctuated between 11.0% and 13%, sometimes marginally coming down and sometimes marginally rising. This was a period of stability in Rural per capita consumption expenditure. However in 1977-78, it rose sharply to 17.2%. This can explain why total per capita consumption expenditure disparities rose to 22.0% at the same time. After 1983, it has again stabilised between 11.5% and 12.5%.

Hence, we can say that rural consumption disparities have come down slightly or has remained stable during 1966-88. In between in 1977-78, they did increase to a large extent, but have again stabilised at around 12.0%.

Thus, one can say that consumption disparities between the states have come down slightly in the period 1966-88, but most of the decrease can be explained by the reduction of urban inter-state disparities.

Taking rural per capita consumption on food items separately we observe that overtime during 1966-88, of co-efficient of variation has not come down, for non food items, and for food items, it has increased. In 1966, the value of co-efficient of variation for food items was 12.2% at a level close to urban disparities for rural areas too, in 1969-70, & the value of the co-efficient of variation rose to 16.3% (this was however less than the increase in urban disparities at this point of time). By mid seventies, the value of the co-efficient of variation had come down to around 12.0%, which was much lower than the level of co-efficient of variation in urban areas. However while the decline in urban disparity was steady, the rural disparities as regards to food items again rose, at by 1987-88, the value of the co-efficient of variation stood at 15.0%. This would imply that rural disparity w.r.t PCCE on food items has increased overtime.

As regards the non food items, the disparity between states has been at a stable level between 26.0% and 28.0% throughout the twenty year period, rising and falling very marginally from time to time.

We earlier observed that inter-state disparities with regard to per capita consumption expenditure (total), was more due to the decline in inter-state disparities in urban areas, than due to decline in inter-state disparity in rural areas. This further confirms this theory, as we see that where-as inter state disparities with regard to both food and non food items have declined in the urban areas, they are more or less constant, or even slightly increasing in the rural areas.

EXPLAINING THE INTER-REGIONAL DISPARITIES OVERTIME

-An Analysis of interdependencies

In this section we identified a number of exogenous variables for explaining the variation in per capita consumption expenditure (rural & urban, rural, urban) in different states. Our study covers the period 1966-88. The data is taken for 1970-71, 1983 and 1986-87. The next problem is in the choice of indicators, which will affect the level of per capita consumption. It is important to determine which factor will have a significant impact on the level of per capita consumption. To relate the growth of per capita consumption, to what determines it, we select a set of indicators.

The first indicator we select is per capita income. Income is a very strong indicator consumption level is said to be a function of income. They are believed to be directly related. As the per capita income rises, so does an individual's purchasing power, and subsequently so does his level of consumption. The next indicator is the rate of growth of population, as consumption per capita will be lower in those states where population is higher, income level remaining same in both states. So the higher the rate of growth of population, lower is the per capita consumption expenditure. Next consider the level and pace of urbanisation. Urbanisation indicates a higher consumption level, consumption per capita will therefore rise, as the population becomes more urbanised. Last indicator we consider is the percentage of non agricultural workers to total workers. As this rises, the income level increases and so does the urban population, and therefore consumption will rise correspondingly. These are co-related with total per capita consumption expenditure and urban per capita consumption expenditure.

In the twenty two year period, the per capita consumption expenditure increased from about Rs.900 per annum to Rs.1300 per annum at 1980-81 constant prices.

Total per capita consumption expenditure has a significant negative co-relation with percentage of income from agriculture. This implies that the per capita consumption level of the people engaged in agricultural activities is lesser, which is obvious since agricultural activities are based in rural areas, and consumption level of population in urban areas is higher.

Per capita consumption expenditure also has a negative co-relation, though not very significant with the rate of growth of population. As population increases, the per capita consumption expenditure falls, and vice versa.

Per capita consumption expenditure has a positive co-relation with the percentage of tertiary income to total income. This would imply that the income generated in the tertiary sector, generates more consumption expenditure.

Besides this the other indicators have little or no effect on the per capita consumption expenditure of the state.

In this study of consumption level, we see that besides the rate of growth of population, and the percentage of income generated in the agricultural and tertiary sectors, the other indicators have only a marginal effect on consumption.

AN OVER VIEW OF RESULTS

The above analysis of the inter-state variation of per capita consumption expenditure indicated that the inter-state disparities in the level of consumption had declined during 1966-88. It had stabilised after falling for a while at a level on and around 14.0%. The urban per capita consumption expenditure has been falling continuously between this period, and have non stabilised at a value around 9.0%. The rural per capita consumption expenditure on the other hand has been fluctuating, though not by any great value.

Therefore we conclude that the major contributor to the reduced level of disparity are the urban areas.

In the rural areas, the level of disparities have not reduced much. How'ever for any major change in total per capita consumption expenditure, a change

in rural consumption pattern is required, as more than 70.0% of the Indian population lives in rural areas.

As for the co-relations, we observe that per capita consumption expenditure has a negative co-relation with the rate of growth of population, and with the percentage of income generated in the agricultural sector. It has on the other hand, a positive, though not very significant co-relation with percentage of income from tertiary activities to total income. This means that it is the income (development of the secondary and tertiary) sector which determines consumption level, and sectoral diversification and urbanisation show some positive impact on the level of per capita consumption expenditure.

TABLE 6

PER CAPITA CONSUMPTION EXPENDITURE - TOTAL

YEAR	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1966-67	935	175.2	18.7
1967-68	897	142.1	15.8
1968-69	960	166.0	17.3
1969-70	979	157.6	16.1
1970-71	996	178.3	17.9
1972-73	1068	193.4	18.1
1973-74	1058	144.5	13.7
1977-78	1112	244.4	22.0
1983	1157	185.6	16.0
1986-87	1291	179.4	13.9
1987-88	1327	188.3	14.2

TABLE 7

PER CAPITA CONSUMPTION EXPENDITURE - URBAN

YEAR	MEAN	STANDARD DEVIATION	COEFFICIENT OF VAR.
1966-67	1273	183.6	14.4
1967-68	1234	135.2	11.0
1968-69	1272	127.9	10.1
1969-70	1339	158.2	11.8
1970-71	1366	150.0	11.0
1972-73	1424	151.8	10.7
1973-74	1363	137.3	10.1
1977-78	1396	146.8	10.5
1983	1432	128.5	8.9
1986-87	1586	158.3	10.0
1987-88	1623	161.4	9.9

TABLE 8

PER CAPITA CONSUMPTION EXPENDITURE - RURAL

YEAR	STANDARD DEVIATION	COEFFICIENT OF VAR.
1966-67	200.7	13.4
1967-68	154.1	10.3
1968-69	200.2	12.5
1969-70	175.9	10.9
1970-71	194.4	12.2
1972-73	214.3	13.4
1973-74	155.4	9.7
1977-78	275.0	17.2
1983	203.0	12.7
1986-87	185.7	11.6
1987-88	205.5	12.8

SUMMARY AND CONCLUSIONS

The analysis of the interstate variation in per capita income and per capita consumption expenditure, and their inter relationship with other socio-economic indicators provides an interesting insight into the development dynamics of the country. The major findings of the study and emerging policy recommendations may be summarised as follows "spatial variation in the level of development is a significant characteristic of the pattern of development in the country". The process of development is centripetal in nature resulting in a higher growth of per capita income in the developed regions, than in the developing regions, leading to widening of income inequalities.

On analysing the income trend for the period 1967-86, we observe that regional income inequalities had grown overtime. Based on the figures of per capita income at constant prices, we see that the income level has risen from Rs.1432 in 1967-68 to Rs.1857 in 1985-86. The relative position of the states has remained more or less stable, but the range of per capita income has increased from Rs. 1254 in 1967-68 to Rs.2333 in 1985-86. For almost all the years under study, the per capita income in Punjab was the highest, and that of Bihar was the lowest. Haryana

and Maharashtra, were other states that occupied top positions and Orissa and West Bengal were those whose income was at the bottom most level during the entire period under-consideration.

The "concentration cycle hypothesis", which was propounded by Williamson (1965), suggests that measures of inter-regional inequality follow an inverted U shaped curve over time - increasing initially and then narrowing down in later years. Measuring inter-state disparities by the co-efficient of variation, we found that the value of co-efficient of variation increased from 26.5% to 31.5%. The disparities increased initially from (1967-68 to 1969-70), then reduced considerably (1970-71). Thereafter the inequality got stabilised until 1975-76. The inequality index has been rising gradually, since 1975-76 has now again stabilised a bit. In almost all the years, the rate of growth of per capita income has been over 4.0% p.a for Punjab, Maharashtra and Haryana, and have been very low for Tamil Nadu, Bihar and West Bengal. The differences in income get accentuated because of the constraint of low resource base primarily, and also due to infrastructural and investment constraints.

The disparity in per capita consumption expenditure on the other hand, shows a reverse trend. On examining the value of the co-efficient of variation

of growth per capita consumption expenditure for all states during 1966-88, we observe that inter-state differentials in terms of this have come down. One would hypothesise that the reduction as mentioned before has been due to the migrant workers remitting a large part of their income backhome which improves the value of per capita consumption. Most of the migrant workers belong to the poorer states and migrate to the developed states to earn higher income. Hence, it increases the per capita consumption level of the poorer states, inspite of income disparities being high and growing over time.

It may be however be noted that the rate of migration particularly to the developed states has gone down since the sixties. . As a result, we may not have the disparity in per capita consumption expenditure disparities coming down in future years. One may apprehend that the inter-state disparities with respect to consumption may rise in future years

The per capita income differentials in agriculture have increased overtime, from 30.0% in 1967-68 to 42.5% in 1985-86. In the first phase upto 1971, the disparities widened considerably, in the second phase (1970-71 to 1975-76), the level of disparities stabilised. After 1980-81, however the disparities

have been continuously widening. Whereas Punjab and Haryana are developing rapidly, agricultural development is decelerating with a negative rate of growth in Orissa, Maharashtra and Andhra Pradesh. It may be mentioned here the agricultural disparities exist not only across the states, but also within a state across development that need to be analysed in detail to formulate agricultural development policy.

On examining the sectoral level and pattern of inequality, we see a diverse pattern. In agricultural sector, since the colonial period, development is very high. It was concentrated in few states like Punjab, where the natural resource base was available, and the area was genuinely fertile. Development of canal system in a few states alone which were already agriculturally developed, and also because of the existence of institutional constraints.

In industrial sector, in the first phase, upto 1970-71, the level of inter-state disparities remained stable. In the second phase (1970-71, the 75-76), there was a decline in the disparity index. During the last phase (1975-76 onwards) however the value of co-efficient of variation industrial disparities has been rising consistently. The decline in the

uneven spatial process of development.

On examining the interdependencies between per capita income & consumption levels in different states with the difficult socio-economic indicators.

We observe that urbanisation and industrialisation are the major explanatory variables. Agricultural diversification is not as simple as industrial diversification. For agricultural diversification a minimum level of natural resources, rainfall and climatic conditions must be available. But industrial development is not limited by the resource base of a region.

There are interesting policy recommendations of the findings above. The increase in the inequalities in terms of per capita income in agriculture is a result of the policies which were followed during the 1960's and the 1970's.

For taking a backward state to a certain level of agricultural development, the spurt of new technology and modern inputs which were concentrated in a few regions, should be spread out to the backward regions. A drastic change in policy towards agriculture is required. The country should be divided into 'agro-climatic' zones. Suitably policy for each zone must

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APPENDIX C : POPULATION : INDIA AND STATES - 1968 TO 1986 (AS ON 1 OCTOBER)

STATE	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
APR	40648	41405	42218	43063	43908	44716	45514	46308	47103	47899	48690	50895	51960	53088	54175	55241	56297	57351	58414
ASM		14819	15257	14426	14875	15372	15877	16391	16916	17452	17996	18428	19016	19634	20203	20710	21186	21651	22130
BRH	52646	53672	54744	55837	56935	58101	59281	60471	61668	62870	64082	66089	67660	69242	70810	72346	73889	75456	77066
GOJ	24408	25029	25680	26362	26988	27596	28219	28854	29494	30140	30794	32115	32965	33754	34524	35248	35993	36706	37410
HRY	9076	9314	9576	9919	10137	10358	10588	10827	11070	11319	11576	12138	12484	12793	13129	13497	13886	14279	14661
KPR				3427	3498	3574	3651	3728	3806	3883	3962	4043	4155	4244	4331	4416	4501	4585	4668
J&K	4217	4326	4438	4540	4682	4812	4944	5076	5214	5351	5491	5632	5783	5910	6044	6188	6336	6486	6636
KAR	27171	27743	28322	28978	29599	30214	30838	31470	32106	32745	33390	34919	35844	36750	37635	38486	39325	40157	40984
KRR	19639	20110	20578	21105	21602	22103	22589	23065	23536	24000	24453	24554	24958	25312	25709	26170	26658	27157	27648
MAH	46269	47412	48546	49796	50941	52020	53092	54158	55218	56272	57318	59727	61021	62263	63577	64973	66411	67831	69191
MPR	30189	30000	40140	41145	42324	43505	44789	45957	47112	48251	49354	49616	50698	51742	52844	54012	55218	56443	57672
ORS	20203	20744	21212	21710	22200	22695	23204	23719	24237	24757	25281	25350	25819	26210	26638	27115	27615	28129	28645
PWB	12614	12848	13093	13424	13654	13878	14116	14363	14614	14870	15134	15818	16250	16628	17000	17363	17720	18066	18391
RAJ	23643	24242	24826	25466	26144	26888	27640	28400	29168	29944	30728	31700	32772	33814	34834	35814	36788	37769	38771
TND	30341	37959	39925	40704	41490	42116	42748	43382	44010	44632	45253	46935	47623	48184	48848	49644	50497	51370	52225
UPR	82967	73465	86100	87528	89134	90762	92441	94159	95901	97665	99458	104319	106917	109677	112314	114768	117161	119546	121999
WBL	40874	41865	42876	43818	44936	46146	47340	48522	49699	50870	52027	51800	53015	54115	55228	56347	57479	58618	59763
IND	506000	518000	529000	541000	554000	567000	580000	593000	607000	620000	634000	648000	664000	670000	684000	700000	724000	739000	755000

APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL & STATE DOMESTIC PRODUCT, SECTOR-WISE : 1967-68 TO 1985-86
AT CONSTANT (1980-81) PRICES (RS. LAKH)

STATE BY SECTOR	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
ANDHRA PRADESH													
AGRICULTURE	262776	237898	246358	280982	287871	252696	325564	324761	317559	258943	302111	342514	298684
MANUFACTURE	73762	76158	83937	79632	83167	85321	86881	93895	101358	106815	115948	121395	129498
TRANSPORTATION	127669	121779	121441	105963	109151	102992	119056	124431	127681	119871	130219	144961	157686
OTHERS	59869	61235	64105	64841	68358	69958	72126	74824	81657	93525	109589	98461	104614
NET SDP	524075	487070	515842	531418	548547	518959	603541	617111	628167	578354	648867	767332	699482
ASSAM													
AGRICULTURE	89212	87784	89304	103482	109703	112977	110286	123766	117705	122445	119389	118640	118640
MANUFACTURE	25868	28368	39772	41043	43745	43958	45557	48586	45248	45688	50351	37379	37379
TRANSPORTATION	19535	20452	21326	21892	23486	23444	23985	25478	26652	27554	28815	28548	28548
OTHERS	14938	15642	16856	17146	17969	19313	20867	19641	21485	24299	25446	26734	26734
NET SDP	159554	162257	176459	183484	194983	199684	199736	217471	211803	219897	223122	210692	210692
BIHAR													
AGRICULTURE	277386	281458	263219	284232	296871	285286	248834	281375	283994	316385	333487	323688	267898
MANUFACTURE	104212	111885	118434	113182	116321	119865	122627	127866	141863	147696	151911	158988	153897
TRANSPORTATION	56111	54378	39587	68474	62968	64323	68835	68753	72596	78327	75725	82855	89133
OTHERS	32821	33353	40885	58478	52539	54683	53958	55868	57526	56628	56242	61783	63817
NET SDP	469729	481033	462125	508358	527899	523277	485446	533853	555979	598956	617365	626346	583937
GUJARAT													
AGRICULTURE	172683	137076	163458	222555	234963	118194	185836	128362	283323	282841	282824	239865	218717
MANUFACTURE	117977	119546	115888	127489	126433	138655	145583	157529	159817	178624	208389	202766	196826
TRANSPORTATION	83991	83423	84648	73715	79488	71988	79329	79889	93382	135198	144319	128959	178532
OTHERS	49295	52838	55489	57884	61753	63574	64213	62174	65926	83498	87391	96415	98885
NET SDP	423946	392875	418595	481643	502549	392412	474962	419874	522448	599352	634923	668285	691368
MADHYA PRADESH													
AGRICULTURE	115811	103567	135991	131688	126883	121388	112988	116641	138858	147276	153868	165288	133374
MANUFACTURE	27138	30639	33319	34285	48763	48948	48511	43548	58659	47815	52543	55814	58628
TRANSPORTATION	22816	18787	25928	23748	25761	28852	29768	25882	34947	47273	51554	55353	58893
OTHERS	14649	14968	15115	17163	18723	19788	19738	19388	19458	21384	22185	24825	26129
NET SDP	179614	164968	218345	206877	211329	218888	203886	205379	244922	262948	279262	301281	277817
WEST BENGAL													
AGRICULTURE	24892	25178	25322	27842	27453	31725	29438	32391	35219	35219	35219	35219	28648
MANUFACTURE	12988	13385	14328	13114	12398	15835	12418	15835	12418	15835	13888	11483	11483
TRANSPORTATION	4889	4159	4247	4584	4785	4855	6996	7998	9538	9538	9538	8663	8663
OTHERS	7138	8319	8581	9746	9687	10156	10684	11299	12148	12148	12148	11243	11243
NET SDP	49819	51841	52451	55286	54244	62571	59527	66723	78785	78785	78785	59949	59949

NOTE : NOTES FROM APPENDIX A & D.1

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**APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL \ STATE DOMESTIC PRODUCT
SECTOR-WISE: 1967-68 TO 1985-86
AT CONSTANT (1986-87) PRICES (RS. LAKH)**

STATE BY SECTOR	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
ANDHRA PRADESH						
AGRICULTURE	350587	412461	481443	434539	388160	388618
MANUFACTURE	129539	143679	151160	166316	163539	194651
TRANSPORTATION	140950	163339	176974	178285	180889	201292
OTHERS	129025	133934	148702	152725	162071	176844
NET SDP	750111	853412	870206	831864	813840	961405
ASSAM						
AGRICULTURE	124588	133782	131824	148428	135316	142348
MANUFACTURE	27489	52770	50605	59639	74482	78880
TRANSPORTATION	30291	34955	34843	38800	45004	51700
OTHERS	48351	51705	53588	58218	58587	65198
NET SDP	230729	273213	270860	305085	313391	339126
BIHAR						
AGRICULTURE	304786	302334	293357	337758	373167	384693
MANUFACTURE	122274	157568	150688	161662	164675	178482
TRANSPORTATION	72443	84008	83943	96295	98420	104366
OTHERS	111921	119962	135781	130738	142130	153925
NET SDP	611424	663872	663779	734454	778393	821465
GUJARAT						
AGRICULTURE	251311	297418	253918	284417	288819	197293
MANUFACTURE	221256	222635	225220	265392	252610	257825
TRANSPORTATION	85239	105987	117300	133566	137343	144103
OTHERS	121289	121623	132773	135042	141077	150583
NET SDP	689105	747663	729212	818416	819849	749884
MADHYA PRADESH						
AGRICULTURE	168437	169711	174637	176901	184445	207942
MANUFACTURE	57647	61046	61442	61590	71255	80592
TRANSPORTATION	36380	40172	46161	46023	49542	52788
OTHERS	33604	36061	39564	42161	44875	47438
NET SDP	296068	306991	321804	326674	350118	388760
WEST BENGAL						
AGRICULTURE	35985	40083	34161	37582	31875	34826
MANUFACTURE	12913	13329	14958	11857	12583	14257
TRANSPORTATION	5722	6247	6593	7048	7193	7592
OTHERS	15467	16176	17160	17655	18940	19578
NET SDP	70089	75835	72873	74141	70591	76254

NOTE : NOTES FROM APPENDIX A & D.1

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APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL \ STATE DOMESTIC PRODUCT, SECTOR-WISE : 1967-68 TO 1985-86
AT CONSTANT (1980-81) PRICES (RS. LAKH)

STATE BY SECTOR	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
JAMMU & KASHMIR													
AGRICULTURE	28811	28599	32301	35301	32040	32276	36663	39716	32869	38869	44335	40656	38930
MANUFACTURE	5777	5623	5622	8547	9009	8900	8987	11186	10473	8671	11152	12031	10957
TRANSPORTATION	3227	3394	3791	7090	7209	7838	8288	9445	8736	13230	14163	18072	19544
OTHERS	7270	7526	7841	7761	8197	8841	9233	10141	10895	11491	12794	13042	13709
NET SDP	45893	45142	49555	58698	56455	57934	63170	70488	62993	72460	82444	83800	83140
KARNATAKA													
AGRICULTURE	138848	161583	178665	218105	222329	196228	239747	234529	240638	205654	257397	243896	250922
MANUFACTURE	78881	82492	84052	94187	101765	112649	109605	118038	130762	140334	152803	165053	163030
TRANSPORTATION	40607	45105	48487	55372	58707	59631	67922	68845	70084	75775	94773	108867	106608
OTHERS	47139	53023	51045	46614	49180	51293	52948	53436	54746	58939	64552	70619	70959
NET SDP	305475	342282	362249	414278	431990	419801	470222	474848	496230	480702	569526	588436	591510
KERALA													
AGRICULTURE	140998	147897	165017	155194	161817	164949	162957	156275	163983	159752	151050	144986	142002
MANUFACTURE	42701	43005	44368	55001	61227	61949	61991	64450	64744	68186	73577	77856	83158
TRANSPORTATION	54498	55670	60940	55263	57574	61830	61637	66405	68323	70366	78606	91554	82510
OTHERS	32526	32041	31637	37634	39849	40942	43193	42934	44447	52099	54856	52674	53122
NET SDP	270723	278612	301962	303093	320467	329670	329777	330064	341497	350402	358090	367069	360792
MAHARASHTRA													
AGRICULTURE	268982	239493	257949	272838	297548	270572	259291	261657	295849	260469	321090	290691	201117
MANUFACTURE	89417	84603	91954	89521	93878	104871	112740	116640	125285	125213	129904	130497	130858
TRANSPORTATION	53420	50722	53047	62599	67432	65301	63430	68479	80696	83295	84505	89482	85735
OTHERS	44532	45002	45829	42003	43850	46322	45768	45759	49155	52239	56944	61133	63907
NET SDP	456351	419820	448778	467041	502707	487066	481229	492535	550995	521217	592444	571803	481617
MAHARASHTRA													
AGRICULTURE	282504	278900	282572	279872	291526	230949	314559	364573	357844	369382	398924	389991	432433
MANUFACTURE	255906	269057	280331	322844	346213	333130	348131	353522	381757	407462	430622	484659	481255
TRANSPORTATION	187001	200598	190374	204024	215097	209269	241896	270631	283159	251710	273299	295216	320609
OTHERS	104662	109909	118912	148918	156446	161865	165587	167840	180968	185855	199587	230042	224775
NET SDP	830153	858543	872189	955659	1009282	935213	1070174	1156566	1203729	1214409	1302432	1399908	1458072
ORISSA													
AGRICULTURE	141481	160007	165061	200245	173093	194186	210034	172835	220216	172484	206443	244684	163489
MANUFACTURE	37019	41872	43246	46996	43206	47669	49172	49567	53094	60960	60286	67283	65625
TRANSPORTATION	20878	25644	26862	19603	19263	19883	20261	19674	24151	41616	40979	50083	42664
OTHERS	20861	21850	22560	28122	29085	29001	31188	29687	33030	33270	31947	35107	36561
NET SDP	220238	249373	257729	294967	264647	290739	310655	271762	330491	308338	339655	397157	308339

NOTE : NOTES FROM APPENDIX A & D.1

CONTD.

APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL \ STATE DOMESTIC PRODUCT
SECTOR-WISE 1967-68 TO 1985-86
AT CONSTANT (1980-81) PRICES (RS. LAKE)

STATE BY SECTOR	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
JAMMU & KASHMIR						
AGRICULTURE	49720	56931	46717	49618	51785	47864
MANUFACTURE	12196	10611	10985	6831	14187	785
TRANSPORTATION	18034	20284	21918	24539	28195	27596
OTHERS	23896	23534	24603	25307	26686	29098
NET SDP	104646	105361	104224	106296	120863	105343
KARNATAKA						
AGRICULTURE	254009	277376	271033	283100	304956	261864
MANUFACTURE	185017	193547	210553	232325	241638	230601
TRANSPORTATION	97416	107881	114799	123492	128901	125145
OTHERS	97418	102804	107893	117276	129887	141328
NET SDP	633860	681607	704278	756193	805382	778958
KERALA						
AGRICULTURE	154723	155554	154257	140526	152834	154843
MANUFACTURE	100187	95335	95344	88851	97661	99142
TRANSPORTATION	75974	81893	81304	76155	84467	87567
OTHERS	72326	74701	75826	79482	85593	93502
NET SDP	403210	407483	406830	385013	420556	445154
MADHYA PRADESH						
AGRICULTURE	372654	383231	378834	421747	394239	426237
MANUFACTURE	146441	154435	160075	164425	186298	203241
TRANSPORTATION	97531	111428	116626	127096	134277	148267
OTHERS	105197	111336	119913	135712	149576	161288
NET SDP	721823	760431	775449	848980	864390	939033
MAHARASHTRA						
AGRICULTURE	393878	434440	425871	469203	452354	425526
MANUFACTURE	549469	574050	588150	667934	745424	802316
TRANSPORTATION	252733	287523	321931	337666	347417	366309
OTHERS	331495	330083	368605	382504	402774	435874
NET SDP	1527575	1634095	1704557	1857307	1947968	2030026
ORISSA						
AGRICULTURE	193344	193862	170308	226299	194191	226416
MANUFACTURE	53309	51177	54048	57682	58969	63085
TRANSPORTATION	45046	49089	43691	54323	52668	61617
OTHERS	51431	54024	56344	59475	63279	68757
NET SDP	343132	348151	324391	397780	369108	419875

NOTE : NOTES FROM APPENDIX A & D.1

CONTD.

APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL \ STATE DOMESTIC PRODUCT, SECTOR-WISE : 1967-68 TO 1985-86
AT CONSTANT (1980-81) PRICES (RS. LAKH)

STATE BY SECTOR	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
PUNJAB													
AGRICULTURE	130248	134367	144345	149368	151851	151932	152178	155892	165895	178426	191541	196823	192899
MANUFACTURE	80208	79400	74400	54740	55727	58028	61918	59094	72032	76748	84405	88852	84868
TRANSPORTATION	35381	38842	38889	39326	40464	42538	49340	52861	52448	78636	86345	88886	95883
SECTORS	24935	26259	26748	27586	28718	28415	27749	29456	31721	36254	37663	41649	42413
NET SDP	270771	278868	284382	271029	276760	280913	291185	295703	321297	362064	399955	429130	416056
RAJASTHAN													
AGRICULTURE	165090	115386	128591	231144	186917	168845	193538	169294	215342	233219	248504	244753	182503
MANUFACTURE	54282	51763	53976	64289	68185	69598	78691	77182	85316	86299	89644	98267	92916
TRANSPORTATION	60820	44677	49512	40997	38523	39305	42922	32047	49041	67093	79265	83329	73556
SECTORS	31264	32954	33708	31031	31271	34416	35987	37563	39680	44527	49235	51994	52692
NET SDP	310655	244780	265787	367461	324895	312164	343137	316886	389380	431138	458649	478343	401667
TAMIL NADU													
AGRICULTURE	148687	149409	162413	167940	184012	174590	201672	158106	203563	168859	211377	191966	167913
MANUFACTURE	157147	166627	170606	146226	150251	152800	147137	134303	172064	209668	228062	243155	254771
TRANSPORTATION	169221	177894	175041	172576	176961	184746	186230	191124	244243	212273	241426	271567	208310
SECTORS	81719	85366	87403	92109	96881	99205	106559	109203	113392	119517	125039	131852	130110
NET SDP	556973	579296	595463	578851	608105	611341	641598	592735	733262	710317	805904	838541	761104
UTTAR PRADESH													
AGRICULTURE	520109	519562	604266	570768	516247	555605	500437	523533	598699	588967	626548	654653	476880
MANUFACTURE	133492	138889	144048	156759	153541	161400	161315	156426	179714	204523	216371	231745	228248
TRANSPORTATION	138845	136558	142974	210844	201999	236667	221991	203492	215788	215008	205902	208255	207354
SECTORS	105970	107275	111787	133262	138142	143276	139854	140424	137322	141198	142345	166525	171631
NET SDP	898416	902284	1003075	1071634	1009929	1096947	1023597	1023875	1131523	1149696	1191165	1261177	1084113
WEST BENGAL													
AGRICULTURE	195527	210947	223266	224962	234083	203447	206766	228835	253527	243617	272537	262374	257358
MANUFACTURE	71722	79182	82925	84485	86968	95838	107014	130957	154533	164358	173462	180314	212007
TRANSPORTATION	102642	101406	95929	112577	113024	129834	110711	127591	136673	131407	129912	120538	158379
SECTORS	55997	59402	64898	69900	73072	73099	74485	78430	84371	96345	99290	111681	115517
NET SDP	426088	450938	467019	491924	507147	502219	498976	573813	629105	635726	675200	684907	743260
INDIA													
AGRICULTURE	3395100	3382500	3606800	3871100	3786700	3578200	3840000	3772000	4275300	4006400	4418600	4511500	3890000
MANUFACTURE	1619000	1698100	1844900	1862800	1911000	1977700	2007000	2035700	2142000	2340200	2500500	2728300	2606900
TRANSPORTATION	995100	1040000	1097600	1150200	1171000	1189600	1236800	1310100	1435100	1497600	1602300	1740300	1708800
SECTORS	1235900	1297500	1364400	1433100	1504600	1558700	1596900	1635000	1721700	1809500	1877200	1986700	2072900
NET SDP	7245900	7418100	7913700	8317200	8373300	8304200	8680700	8752800	9574100	9653700	10398600	10966800	10279400

NOTE : NOTES FROM APPENDIX A & D.1

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APPENDIX D.2 : COMPARABLE ESTIMATES OF NET NATIONAL \ STATE DOMESTIC PRODUCT
 SECTOR-WISE: 1967-68 TO 1985-86
 AT CONSTANT (1980-81) PRICES (RS. LAKH)

STATE BY SECTOR	1968-81	1981-82	1982-83	1983-84	1984-85	1985-86
PUNJAB						
AGRICULTURE	237630	273810	274894	269962	295183	317153
MANUFACTURE	94992	110941	112107	119564	125592	129626
TRANSPORTATION	82939	90840	92200	94487	98751	94646
OTHERS	65094	65571	69384	74116	79012	83689
NET SDP	480655	541162	548584	558130	598537	625114
RAJASTAN						
AGRICULTURE	204375	231925	250337	308736	259931	251648
MANUFACTURE	85268	88986	89446	108728	102675	109116
TRANSPORTATION	65629	76605	77850	89709	92684	87739
OTHERS	68266	72103	76016	78231	85141	90995
NET SDP	423538	469618	493648	585404	540430	539498
TAMIL NADU						
AGRICULTURE	174210	225707	164524	201186	236372	250566
MANUFACTURE	243987	253081	260673	274831	316030	318094
TRANSPORTATION	188439	218733	211236	213870	231294	226637
OTHERS	127073	136677	147013	147320	165670	200734
NET SDP	733709	834278	783447	837206	949366	996031
UTTAR PRADESH						
AGRICULTURE	772192	779505	807687	841984	834121	817896
MANUFACTURE	240529	238440	276621	289800	294466	314980
TRANSPORTATION	246170	256411	278828	269034	279998	294461
OTHERS	222159	225060	247005	255649	277200	304212
NET SDP	1481050	1499417	1610140	1656474	1685785	1731549
WEST BENGAL						
AGRICULTURE	260593	247998	243773	312350	314112	331572
MANUFACTURE	275664	290815	312349	298761	285402	303834
TRANSPORTATION	148172	189519	181439	172842	164873	177887
OTHERS	182224	180316	193351	193425	204004	214876
NET SDP	866653	908647	930913	977398	968391	1028169
INDIA						
AGRICULTURE	4409100	4674700	4602400	5120300	5112400	5119000
MANUFACTURE	2685500	2899300	3020500	3285400	3466200	3610400
TRANSPORTATION	1804600	1917800	2016100	2126300	2240400	2431700
OTHERS	2134000	2218300	2393000	2507600	2683100	2864900
NDP	11034000	11710100	12032000	13029600	13502100	14026000

NOTE : NOTES FROM APPENDIX A & D.1

APPENDIX B.1:

PER CAPITA ANNUAL CONSUMPTION EXPENDITURE BY STATES AND ALL INDIA :
(RURAL - URBAN COMBINED)

(RS.)

STATE	1966-67	1967-68	1968-69	1969-70	1970-71	1972-73	1973-74	1977-78	1983	1986-87	1987-88
AT CURRENT PRICES											
APR	367.74	387.87	406.89	444.44	446.61	516.65	643.09	896.83	1498.91	1898.40	2154.4
ASM	464.62	515.13	469.24	475.75	508.49	520.76	647.14	748.86	1409.14	1785.55	2004.6
BHR	359.16	412.49	373.79	419.53	419.06	517.45	687.42	724.57	1197.13	1539.26	1731.1
GUJ	378.13	412.31	433.00	445.31	480.58	640.36	696.06	953.54	1548.64	2072.17	2256.3
J&K	430.24	453.89	458.77	468.94	540.57	580.36	634.65	911.49	1620.10	2218.22	2667.6
KAR	366.14	401.20	407.85	414.76	472.92	574.03	670.45	852.36	1583.90	1839.17	2086.6
KER	315.24	354.36	437.75	397.97	455.79	538.19	691.39	908.43	1816.41	2446.90	2679.3
MPR	374.10	396.87	398.49	427.28	428.54	531.12	635.32	788.26	1322.72	1698.64	1978.9
MAH	417.10	438.89	457.43	505.41	536.87	625.20	732.87	1056.88	1646.98	2118.49	2475.6
ORS	328.19	378.15	357.09	369.42	370.10	448.34	541.52	672.25	1269.00	1554.40	1714.8
PNB	549.00	564.24	659.42	660.43	718.35	904.47	926.10	1394.32	2099.78	2722.66	3038.61
RAJ	450.20	473.70	503.93	506.50	464.19	649.33	778.10	1272.73	1612.94	2094.63	2313.5
TND	365.90	395.45	425.76	426.26	412.84	512.36	635.94	847.28	1555.74	2007.64	2250.21
UPR	407.00	433.92	410.20	422.18	437.87	525.06	632.19	833.63	1327.50	1796.93	1968.61
WBL	404.86	448.67	428.29	472.77	481.68	550.74	670.42	828.64	1466.63	2011.01	2130.51
IND	401.84	427.04	429.11	453.29	465.43	559.08	679.90	898.30	1501.24	1946.06	2189.61
AT CONSTANT (1980-81) PRICES											
APR	835.96	846.70	870.96	884.77	899.97	912.07	970.10	1030.86	1157.34	1265.58	1326.45
ASM	1044.77	995.35	881.35	1033.14	1024.92	992.30	1082.56	963.15	1070.55	1176.21	1227.36
BHR	728.65	680.26	807.54	903.91	832.01	952.59	949.90	888.87	878.19	1054.44	1066.92
GUJ	909.97	888.04	956.49	937.01	973.08	1087.04	1020.19	1166.45	1166.08	1288.57	1284.99
J&K	966.32	1003.16	1128.75	1132.21	1213.92	1132.38	1015.12	1044.17	1177.32	1342.95	1487.17
KAR	800.65	847.03	866.23	907.68	980.37	1073.72	996.07	1030.03	1154.79	1195.71	1241.07
KER	756.27	777.38	869.51	763.45	825.23	944.49	991.13	1078.07	1207.04	1392.58	1420.56
MPR	850.24	767.79	875.95	897.62	898.12	983.20	949.94	960.48	1052.94	1154.13	1242.06
MAH	992.22	972.45	1021.82	1101.88	1110.28	1112.30	1118.23	1293.20	1218.53	1318.00	1418.99
ORS	760.45	809.90	721.09	756.30	758.73	812.32	883.92	825.29	892.77	1064.58	1056.36
PNB	1430.53	1251.57	1441.15	1439.00	1545.29	1716.37	1537.14	1762.92	1723.49	1864.96	1900.15
RAJ	1174.77	1113.35	1163.98	1098.39	1043.76	1253.24	1208.77	1618.35	1376.05	1435.10	1453.66
TND	NA	NA	998.33	904.70	909.95	1017.59	1096.07	937.74	1101.59	1245.34	1273.90
UPR	958.97	807.17	989.90	972.17	1020.13	1040.39	1001.90	1100.89	1097.74	1288.54	1246.06
WBL	899.21	842.18	843.65	978.86	945.06	1026.40	1061.41	997.37	1107.15	1282.81	1273.88
IND	913.45	852.61	926.39	961.27	964.16	1034.67	1044.56	1100.96	1131.51	1281.11	1317.00

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APPENDIX B.2:

PER CAPITA ANNUAL CONSUMPTION EXPENDITURE BY STATES AND ALL INDIA :
(RURAL)

(RS)

STATES	1966-67	1967-68	1968-69	1969-70	1970-71	1972-73	1973-74	1977-78	1983	1986-87	1987-88
AT CURRENT PRICES											
APR	349.68	365.52	377.64	414.48	412.20	477.48	600.04	835.92	1384.80	1691.16	1921.56
ASH	441.96	498.36	450.84	452.28	483.24	500.04	624.36	707.40	1356.00	1676.40	1843.20
BHR	348.24	400.32	357.36	403.80	397.80	494.40	672.12	689.40	1125.00	1409.28	1638.84
GUJ	347.88	376.20	414.36	412.56	439.68	620.40	653.88	843.60	1352.64	1832.52	1934.40
J&K	431.52	449.64	457.44	464.88	538.44	577.68	626.88	874.32	1551.24	2071.00	2480.32
KAR	351.48	383.16	374.52	372.96	429.60	534.36	627.84	779.28	1402.08	1550.04	1789.56
KER	294.72	342.48	433.44	372.84	433.44	506.28	664.20	890.64	1742.40	2349.36	2537.64
MPR	354.84	381.24	373.56	404.16	394.56	488.64	604.68	719.16	1206.24	1464.00	1703.76
MAH	342.36	367.92	384.48	398.64	436.68	498.60	627.24	922.44	1325.28	1633.32	1929.24
ORS	314.40	362.68	338.40	344.40	346.32	419.52	511.92	629.64	1185.00	1370.28	1530.12
PNB	552.00	556.92	678.72	646.20	695.88	895.44	906.12	1372.68	2046.24	2539.92	2930.28
RAJ	445.68	461.04	492.72	495.12	424.68	623.76	768.12	1304.88	1524.00	1886.88	2134.08
TND	343.08	355.32	360.24	384.96	359.76	452.40	572.88	759.96	1346.76	1679.64	1851.48
UPR	397.80	421.68	397.08	408.00	420.96	505.44	615.84	804.00	1253.88	1665.24	1784.04
WBL	347.76	391.56	358.20	394.32	399.84	461.40	570.00	711.24	1255.08	1668.24	1798.44
IND	370.80	400.80	399.48	416.40	423.72	507.84	636.12	826.68	1349.40	1691.16	1897.20
AT CONSTANT (1980-81) PRICES											
APR	760.27	769.88	780.76	793.64	812.35	820.97	890.91	942.16	1085.30	1187.34	1250.13
ASH	979.15	951.63	833.12	980.35	968.90	950.31	1043.20	915.06	1031.80	1122.26	1145.93
BHR	689.85	635.62	766.30	865.88	784.29	906.04	910.76	843.50	823.94	995.35	1031.40
GUJ	809.35	784.51	902.62	844.88	864.20	996.14	927.91	1023.09	1041.90	1186.97	1144.58
J&K	924.69	958.04	1113.90	1117.50	1201.88	1105.26	955.61	964.32	1112.27	1264.91	1401.00
KAR	728.34	760.38	763.37	794.94	861.51	972.27	890.43	922.77	1021.44	1068.70	1119.98
KER	686.44	741.37	839.50	686.03	748.85	862.55	947.39	1033.93	1134.87	1328.06	1335.98
MPR	780.28	708.50	808.74	832.09	820.37	892.30	887.99	878.04	974.27	1056.49	1134.04
MAH	757.94	770.02	827.28	848.22	875.65	819.59	896.39	1100.61	1011.12	1095.55	1187.94
ORS	725.80	772.01	673.70	698.46	708.98	755.48	832.11	771.93	829.50	973.32	969.45
PNB	1450.29	1220.61	1487.56	1408.98	1509.52	1698.53	1503.00	1759.53	1710.59	1784.69	1886.62
RAJ	1156.51	1074.01	1128.58	1057.29	956.70	1195.05	1175.11	1666.67	1340.86	1338.44	1386.64
TND	NA	NA	779.12	742.00	769.14	890.44	973.11	764.07	950.65	1101.99	1109.10
UPR	924.73	754.94	963.41	943.50	994.18	1006.35	976.55	1081.75	1062.45	1253.16	1175.24
WBL	722.97	666.66	664.27	798.75	766.68	855.65	893.45	848.76	935.39	1098.26	1103.08
IND	809.20	761.13	843.82	865.67	867.20	924.41	955.39	1007.84	1025.03	1167.85	1191.41

PER CAPITA ANNUAL CONSUMPTION EXPENDITURE BY STATES AND ALL INDIA :
(URBAN)

(RS.)

STATE	1966-67	1967-68	1968-69	1969-70	1970-71	1972-73	1973-74	1977-78	1983	1986-87	1987-88
AT CURRENT PRICES											
APR	448.08	485.88	533.28	572.16	591.24	675.84	783.60	1118.64	1841.76	2462.52	2763.36
ASH	725.28	784.40	671.16	726.24	770.88	729.00	873.60	1133.16	1848.12	2637.12	3239.16
BHR	467.40	530.76	529.68	565.80	612.24	718.92	820.32	997.68	1662.36	2301.84	2237.76
GUJ	460.20	509.04	482.52	530.88	585.96	690.96	801.12	1211.04	1963.32	2549.40	2887.80
J&K	425.04	474.12	465.36	487.44	550.08	592.56	668.52	1060.44	1863.48	2707.44	3249.72
KAR	414.48	459.96	514.80	547.20	608.52	694.68	790.60	1051.08	1995.84	2434.92	2673.36
KER	425.40	417.72	460.68	529.32	571.56	699.24	827.16	992.76	2116.32	2806.80	3194.64
HPR	480.96	482.40	532.20	549.24	604.44	742.56	786.00	1090.92	1738.44	2455.32	2831.76
MAH	593.52	604.08	624.72	746.40	759.60	898.08	957.36	1323.96	2212.20	2917.68	3354.36
ORIS	503.76	566.52	579.12	655.92	633.00	748.20	841.08	1043.88	1817.04	2603.28	2702.40
PNB	539.28	588.12	596.88	706.44	790.68	934.56	989.88	1459.92	2222.40	3114.60	3239.40
RAJ	472.68	535.20	557.88	560.64	649.56	766.44	825.12	1148.16	1919.04	2753.52	2854.44
TND	423.72	494.64	584.16	524.40	536.28	648.24	777.36	1033.68	1964.88	2621.40	2985.48
UPR	466.44	512.04	492.96	510.60	542.04	642.60	729.72	990.00	1625.76	2260.92	2600.76
WBL	579.72	623.28	642.24	711.84	730.68	818.76	969.12	1165.56	2039.40	2911.44	2993.40
IND	534.48	537.00	552.48	604.68	634.20	759.96	849.24	1153.80	1968.36	2671.80	2999.16
AT CONSTANT (1980-81) PRICES											
APR	1171.42	1182.84	1260.32	1272.97	1268.15	1281.34	1285.40	1352.52	1372.41	1469.28	1513.07
ASH	1797.96	1486.90	1409.24	1596.57	1606.96	1414.16	1472.70	1409.24	1390.50	1594.30	1850.34
BHR	1111.12	1111.27	1198.37	1257.18	1265.51	1359.19	1285.56	1240.97	1228.23	1393.90	1251.68
GUJ	1182.53	1165.07	1099.32	1177.51	1253.53	1315.71	1249.34	1502.00	1420.38	1488.45	1556.18
J&K	1161.42	1211.56	1197.41	1198.81	1267.31	1249.78	1267.43	1362.14	1408.27	1601.15	1764.66
KAR	1072.24	1102.27	1195.97	1264.82	1352.36	1381.11	1309.60	1320.73	1456.72	1451.47	1472.76
KER	1130.90	969.16	1028.02	1167.97	1220.68	1357.31	1209.28	1284.11	1501.60	1632.83	1730.38
HPR	1237.26	1090.67	1236.05	1242.86	1300.59	1435.04	1252.54	1321.69	1332.35	1459.28	1564.45
MAH	1544.66	1443.15	1467.68	1674.36	1631.88	1742.73	1588.82	1675.28	1582.46	1683.78	1786.80
ORIS	1200.94	1276.14	1282.63	1418.20	1308.86	1403.04	1407.40	1290.40	1306.68	1571.74	1507.72
PNB	1366.18	1352.51	1290.81	1536.07	1660.43	1775.66	1645.68	1778.65	1747.27	2028.94	1902.16
RAJ	1264.86	1304.18	1334.05	1293.50	1452.20	1519.10	1361.96	1429.89	1492.97	1734.90	1644.85
TND	1157.85	1289.62	1527.49	1290.36	1237.30	1305.71	1371.67	1307.60	1397.13	1512.01	1575.91
UPR	1179.50	1139.37	1157.09	1150.98	1180.05	1245.01	1153.28	1206.37	1236.00	1392.14	1472.74
WBL	1438.84	1378.75	1391.16	1527.73	1487.77	1538.62	1560.93	1423.81	1572.27	1767.11	1717.03
IND	1358.25	1237.99	1269.88	1353.50	1356.48	1466.59	1380.35	1432.95	1458.75	1598.51	1659.02

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