

PREFACE

The National Institute of Public Finance and Policy is an autonomous non-profit organisation established for carrying out research, undertaking consultancy work and imparting training in the field of public finance and policy.

The present study, carried out in the State Finance Unit which is being supported by grants from the State governments was initiated in January 1991 and completed in July, 1992. The primary objective of the study is to analyse the growth pattern of the States and relate it to the standard of living of the people. The study for the first time constructs constant price comparable series of State Domestic Product and this makes the inter-State comparison of the results more meaningful.

Ranking the States by per capita income and per capita household consumer expenditure shows that the States at the extreme ends continue to be so irrespective of the measure considered. However, consumer expenditure shows a lower inter-State disparity than per capita income and current price less than the constant price. Some of the States viz. Rajasthan, J&K and Uttar Pradesh, however record a much higher rank in terms of level of living of the people than in terms of per capita income. Tamil Nadu and Karnataka on the other hand present just the reverse situation with higher ranking in terms of per capita income than in terms of per capita household consumption. Inter-temporal comparisons suggests the possibility of a reduction in inter-State disparity in the future as a result of the current pattern of higher growth in lower income States as compared to the higher income States coupled with a marginal fall in urban-rural disparity in per capita household consumer expenditure. The results also suggest much higher urban-rural disparity in industrialised States like West Bengal and Maharashtra while agriculturally developed States like Punjab and Haryana have practically no perceptible disparity between urban and rural levels of living. Finally, there are definite indications that the country is moving towards industrialised base through higher growth of manufacturing and infra-structure and this phenomenon is widespread covering more of the lower income States than higher income ones.

The study was planned and conducted by Mrs. Uma Datta Roy Choudhury ably assisted by Shri R. Robertson, Shri Madan Mohan Ghosh and Mrs. Gita Bhatnagar (at the later stage).

The Governing Body of the Institute does not take responsibility for any of the views expressed in this report. This responsibility belongs primarily to the author of the study and the Director.

Raja J. Chelliah
Chairman

ACKNOWLEDGEMENT

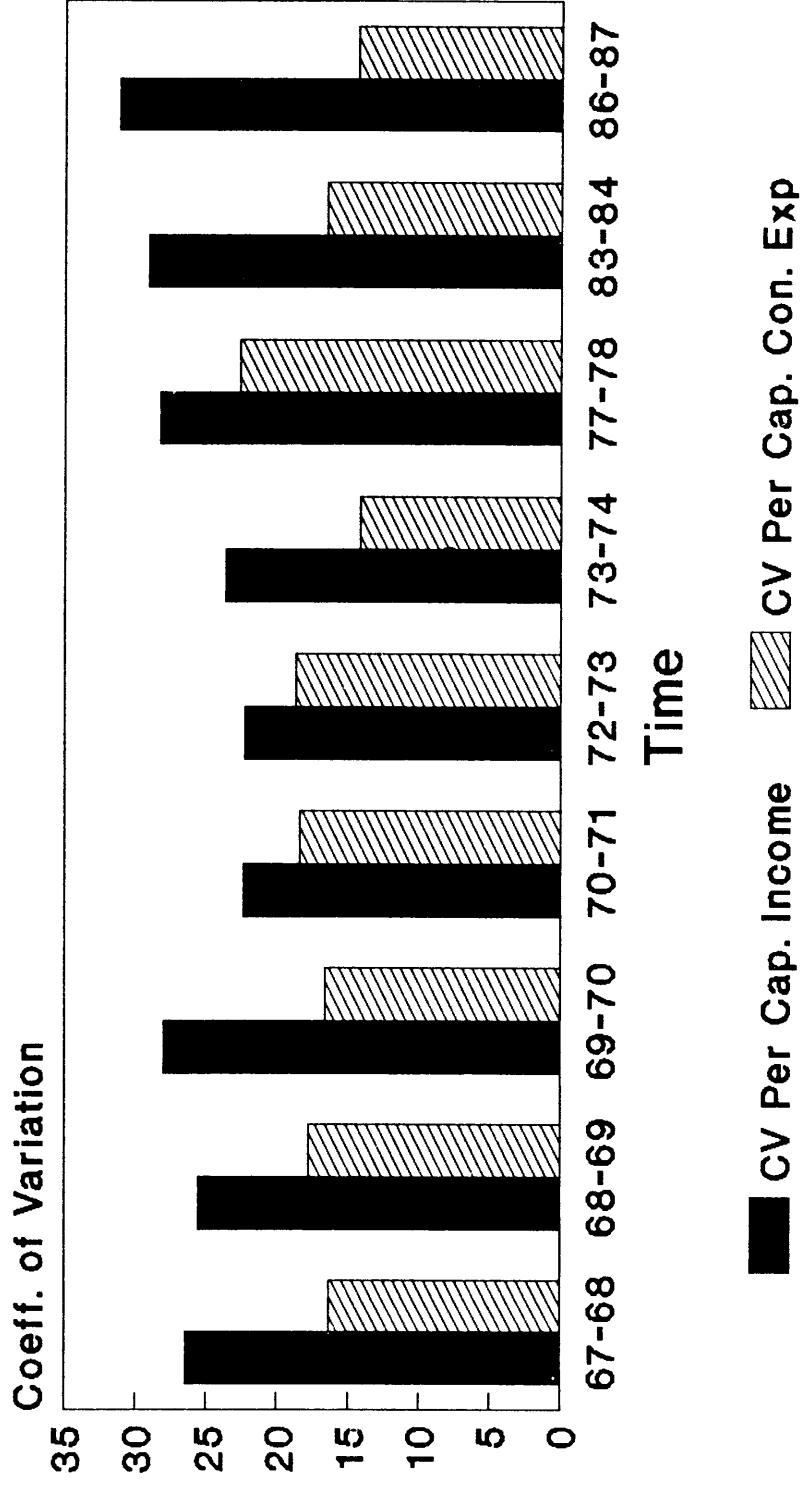
I thank Dr. R.J. Chelliah, regular discussions with whom have helped me to formulate my ideas and proceed with the study. Shri C. Robertson, Shri Madan Mohan Ghosh and Mrs Gita Bhatnagar (at the later stage) ably handled, and analysed the huge mass of data and produced meaningful results. Shri Natarajan and his staff produced the Report in record time and Mrs Rita Wadhwa ably edited the report prior to its publication. Shri Anil Sharma was very helpful in laser setting before publication without whose help the production would never have been possible.

I am grateful to Dr. R.J. Chelliah, Prof. M. Mukherjee, Prof. A. Kundu and Dr. M. G. Rao for commenting on the first draft of the Report.

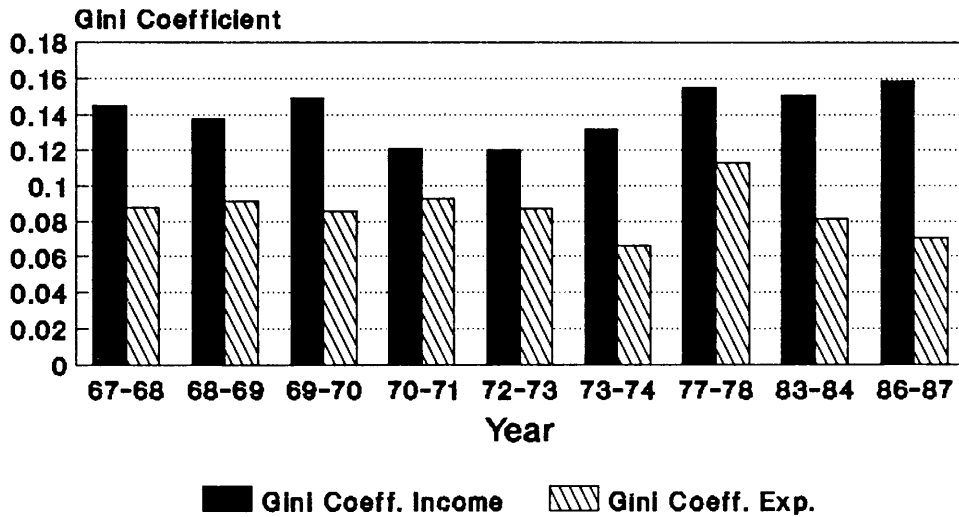
I am grateful to all of them but for whose cooperation this study in its present form could not have been presented. I however remain responsible for the results & conclusions drawn therefrom.

UMA DATTA ROY CHOUDHURY

Inter-State Inequality in Per Capita Income and Expenditure (at constant prices)



Inter-State Inequality in Per Capita Income and Expenditure (at constant prices)



Inter-State Rural Urban Disparity in Consumer Expenditure (at constant prices)

