

## CHAPTER 4

### 4. Conclusion

The final picture which emerges from the study is summarised next taking into account the conclusions following from the analysis of the series of both SDP and household final consumption expenditure. In other words, the conclusions are based on the inter-State variations in per capita levels of output within the geographical boundaries of the States and the levels of per capita expenditure out of the income actually received by the households (which would have the effect of exports and imports of consumer goods integrated within the measures). The picture which emerges is supported by both the measures to the extent that the levels and changes in output pattern goes hand in hand with levels and changes in household consumption except for a few States like Rajasthan, Uttar Pradesh and J&K. Thus, there are no indications of large scale inter-State exports and imports leading to improved consumption levels in States with low per capita SDP (income originating) except for the above three States which have relatively high PCCE but low per capita SDP. In the case of J&K a reasonable growth in output is also recorded thus raising its rank in inter-State comparison over the period of study . This is not equally true in the case of Rajasthan and U.P. which rank quite at the top in the case of PCCE with lower levels of per capita SDP. One remote possibility for such an economic situation could be that such consumer goods as are being imported into these States are priced much higher than not only the domestic products originating within these States but also compared to similar products in other States.

The inter-State ranking shows a definite improvement in the case of Kerala. In the case of Andhra Pradesh relative position in terms of conditions of living of the people has changed for the better over the period while for Karnataka and Tamil Nadu, there has been comparatively greater in levels of output increased. The States of Assam and West Bengal have fared in the reverse direction with the downward shift of Assam substantial while that of West Bengal marginal.

In terms of growth rates which determine the changes in relative positions over time, the economically developed States are not necessarily the ones with higher rates of growth. Bihar with the lowest per capita consumption level, have been recording substantial growth. However, in spite of higher growth, the absolute gap between the highest (Punjab) and lowest (Bihar) has not reduced over the period because of the large gap at the initial stage. The annual rates of growth have varied

very widely in the case of most of the States and the averages range between very low negative to reasonably high positive figures. The values of CVs are the direct proof of the wide fluctuations. Thus no conclusion can be drawn regarding the pattern of change over time of either SDP per capita or PCCE.

In spite of this disorderly pattern of change, the inter-State disparity gives some meaningful picture. Thus, the results indicate a lower level of inter-State disparity in the levels of living of the people than in actual output and lower in urban areas than in rural areas. Also, the inter-State disparity is more at constant prices than at current prices supporting the argument of large differences in levels of prices as well as in the trend of prices over time. In this context it is also seen that often the rate of inflation is higher for States with low ranking. The urban-rural disparity has increased at current prices and shown a tendency to decrease at constant prices because of the differential behaviour in prices between rural and urban areas. Highly industrialised States of West Bengal and Maharashtra have the highest urban-rural disparity while Punjab -- a predominantly agricultural State -- has the lowest. This is also true of Jammu and Kashmir though economically not similar. In the case of Kerala, over the period of study, urban-rural disparity has shown definite tendency to decrease.

Inter-State disparity have been worked out (i) for per capita SDP and PCCE at current and constant prices, (ii) of their rates of growth and (iii) of rural-urban disparity. Within-State variation in annual rates of growth of per capita SDP and PCCE have also been studied. These disparities in terms of Coefficient of Variation (CV), Gini Coefficient and Disparity Ratio (difference between value of six States at the top and six States at the bottom as the ratio of all-India) present more or less the same picture. These measures make it obvious that the inter-State disparity shows no definite sign of decrease though a tendency towards reduction particularly in the eighties is suggested by the results. Disparity at constant prices is generally always higher than at current prices. There is wide disparity in rates of growth over States. Inter-State and intra-State price variations are evident. Finally, irrespective of inter-State variation, there is a definite indication of every State within the economy moving towards industrialisation with simultaneous development of infrastructure except for Punjab and Haryana which continue to be primarily agricultural.