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Relative Economic Performance
of Indian States:
1960-61 to 2023-24



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Executive Summary

Most papers regarding economic performance of states deal with the real and nominal growth rates of states over time. In this paper, we have focused exclusively on the relative performance of states, measured using two indicators- (1) Share in India's GDP and (2) Relative per capita income.

The state's share in India's GDP is calculated by dividing the Gross State Domestic Product (GSDP) of the state by the sum of GSDP of all states. Relative per capita income is calculated as the ratio of the per capita Net State Domestic Product (NSDP) of the state as a percentage of the all-India per capita Net National Product (or Net National Income in some years). An important point to remember here is that per capita NSDP means that it does not include remittances which may be important for states like Kerala, Bihar and Uttar Pradesh. We have made adjustments where possible for state bifurcations and other factors to ensure comparability. All data used are in current prices. The analysis spans a long period, from 1960-61 to 2023-24, providing insights into how individual states have performed in response to changes in national and state-specific policies.

Our analysis show that the relative performance of states has ranged widely. Some key observations from the analysis are:

- **Southern states:** *Before 1991, southern states did not show expectational performance. However, since the economic liberalization of 1991, the southern states have emerged as the leading performers. In 2023-24, Karnataka, Andhra Pradesh, Telangana, Kerala and Tamil Nadu together accounted for approximately 30 percent of India's GDP. In addition, per capita income of all southern states became higher than the national average after 1991. For instance, the relative per capita income in Telangana is now 193.6 percent of the national average, while Karnataka, Tamil Nadu, and Kerala have per capita incomes 181 percent, 171 percent, and 152.5 percent of the national average, respectively.*
- **Western states:** *Maharashtra and Gujarat have consistently performed well throughout the study period. Maharashtra has maintained the highest share of India's GDP for almost all of the period. Gujarat's share remained at broadly the same levels until 2000-01, before beginning to increase rapidly- from 6.4 percent in 2000-01 to 8.1 percent in 2022-23. Both Gujarat and Maharashtra have had per capita incomes exceeding the national average since the 1960s. Initially, Gujarat lagged behind Maharashtra, with a relative per capita income of 118.3 percent compared to Maharashtra's 133.7 percent in*

1960-61. This disparity persisted until 2010-11, when Gujarat surpassed Maharashtra. By 2023-24, Gujarat's per capita income has risen to 160.7 percent of national average, as compared to 150 percent for Maharashtra. The other western state, Goa has excelled in per capita income terms, with its relative per capita income doubling since 1970-71. In 2022-23, the per capita income of Goa was nearly three times the national average. With this, it is second in terms of per capita income after Sikkim.

- **Northern states:** Among the northern states, Delhi and Haryana have performed notably well, while Punjab's economy has deteriorated after 1991. Despite its small size, Delhi saw its share of India's GDP increase from 1.4 percent to 3.6 percent during this period. Punjab and Haryana, which were once part of the same state, have experienced diverging economic trajectories. Punjab's GDP share grew during the 1960s, mainly due to the Green Revolution, but then plateaued at around 4.3 percent until 1990-91. It began to decline thereafter, finally reaching 2.4 percent in 2023-24. Similar trends were seen in terms of relative per capita income. Punjab's per capita income peaked at 169 percent of national average in 1970-71 and has since declined to 106.7 percent of national average, even lower than the 119.6 percent in 1960-61. Meanwhile, Haryana, which initially lagged behind Punjab on both accounts, continued to show robust performance. Haryana's share of India's GDP now exceeds that of Punjab, and its relative per capita income has reached 176.8 percent, compared to Punjab's 106.7 percent in 2023-24. This raises an interesting question: Did Punjab's focus on agriculture contribute to a form of 'Dutch disease,' hindering its transition to industrialization?
- **Eastern states:** West Bengal, which held the third-largest share of national GDP at 10.5 percent in 1960-61, now accounts for only 5.6 percent in 2023-24. It has seen a consistent decline throughout this period. West Bengal's per capita income was above the national average in 1960-61 at 127.5 percent, but its growth failed to keep pace with national trends. As a result, its relative per capita income declined to 83.7 percent in 2023-24, falling below that of even traditionally laggard states like Rajasthan and Odisha. The relative per capita income of undivided Bihar was 70.3 percent in 1960-61. It started declining thereafter and bottomed out at 31 percent in 2000-01 for the bifurcated state of Bihar. After that, it has been roughly flat at around 33 percent. We understand that the actual household incomes may be higher than what is implied here as the remittances are not captured here, however the gap is still very stark. The other eastern state, Odisha which was also seeing a consistent decline in terms of relative per capita income from 1960s to 1990-91 (70.9 percent to 54.3 percent), has seen a significant turnaround since then. Its relative per capita income increased from 54.3 percent in 1990-91 to 88.5 percent in 2023-24.

- **Central states:** In the 1960s, undivided Uttar Pradesh was the largest economic powerhouse in the country, with a share of 14.4 percent in India's GDP in 1960-61. However, its share started to decline thereafter, which continued even after bifurcation. Share of UP (bifurcated) in national GDP flattened out at around 8.2 percent in 2020-21, before increasing marginally to become 8.4 percent in 2023-24. A similar pattern is observed in its performance in terms of relative per capita income. Madhya Pradesh has experienced a notable turnaround in its relative per capita income since 2010, following a five-decade period of decline (82.4 percent in 1960-61 to 60.1 percent in 2010-11). Its relative per capita income increased from 60.1 percent in 2010-11 to 77.4 percent in 2023-24.
- **North-eastern states:** In 1980-81, Sikkim's per capita income was below the national average. However, it has achieved remarkable growth, especially over the last two decades. Its per capita income surged from around 100 percent of the national average in 2000-01 to 320 percent in 2023-24. Assam, which initially had a per capita income slightly above the national average (103 percent in 1960-61), meanwhile experienced a decline in its relative per capita income and reached 61.2 percent in 2010-11. Since then, Assam's relative per capita income has been on the rise, reaching 73.7 percent in 2023-24.

Overall, the western and southern regions of the country are outperforming others, with notable success also observed in parts of the north. The stark contrast between Haryana and Punjab warrants further investigation to understand its policy implications. The eastern part of the country continues to be a concern.

An interesting overall observation is that the maritime states have clearly outperformed the other states, with the exception of West Bengal. Even the coastal state of Odisha which was traditionally a laggard state has seen improved performance in the last two decades.

I. Introduction & Methodology

Much of the discussion on state economic performance typically focuses on growth rates. This paper, however, examines the relative economic performance of states over the past six and a half decades. We utilize two key economic indicators for our analysis: Share in National GDP, to evaluate each state's economic significance, and Relative Per Capita Income, to assess the relative standard of living.

The two indicators used in this paper to capture relative economic performance are calculated as:

- 1) State share in national GDP:** It is defined as ratio of state's Gross State Domestic Product (GSDP)¹ to sum of GSDP of all states. This gives an idea of relative economic importance of states.

Note that there is a discrepancy, particularly in the early decades, between the national GDP estimates and sum of the state GSDP estimates. In order to ensure consistency, we have used the sum of the GSDP of all states (in the denominator) across time². For the purpose of this paper, whenever we mention all India GDP it implies sum of GSDP of all states.

- 2) Relative per capita income:** It is defined as percentage of per capita Net State Domestic Product (NSDP) of the state to the all-India per capita Net National Product (NNP) or per capita Net National Income (NNI)³.

Note that we do not have the data on per capita income of states, but per capita Net State Domestic Product (NSDP). These are different to the extent that the income received as remittances (domestic or international) will not be accounted for in the recipient state. We do understand that it will may make some difference for states like Kerala, Uttar Pradesh and Bihar. For the purposes of this paper, whenever per capita income of state is mentioned, it means per capita NSDP.

We have started our analysis from 1960 onwards in this paper due to two reasons. First is because comparable state level data is not available prior to 1960s⁴. Bombay state was first to compile official estimates of State GDP in 1950 for the year 1948-49. Subsequently with the publication of reports of the National Income Committee in 1951 and 1954, states like Uttar Pradesh, Bihar, Madhya Pradesh, Assam & West Bengal began the exercise of compiling the estimates. However, their methodologies, data sources

¹ For 1960-61 and 1970-71, ratio is calculated as NSDP of the state as a ratio of sum of NSDP of all states.

² The results show that this does not make any difference in trends but it ensures logical consistency.

³ After 1990s, estimates of all India NNI are available instead of NNP.

⁴ https://www.mospi.gov.in/sites/default/files/press_releases_statements/Estimates_of_SDP_1960-61_to_1983-84.pdf

were significantly different and hence non comparable. It was only in 1957, Central Statistics Office formed a working Group that started the efforts to standardize the methodologies etc. for compilation of State GDP. Second, the states were not in a recognizable form. Princely states still existed and linguistically based states were still taking shape.

It is interesting to note that data for some states like Haryana and Punjab are available for early 1960 as well, though the state was bifurcated only in 1966. This was done by states later on using some actual data and relevant indicators to come up with the estimates. Where state boundaries have changed during the analysis period, such as with Uttar Pradesh, Madhya Pradesh, Bihar, and Andhra Pradesh, efforts have been made to adjust the data to ensure comparability.

The data is taken from Ministry of Statistics and Programme Implementation (MoSPI). All the data used in the analysis is at current prices. This is done as we are comparing only relative performance, not real growth rates. Further, it allows for more comparability over time, as the base year of National Accounts changed various times over the period of study.⁵

II. Shares in India's Economy

Our analysis reveals that numerous states experienced a significant change in relative economic performance after the economic liberalization of 1991. For example, states like Karnataka and (undivided) Andhra Pradesh, which were previously considered middling, began to significantly outperform others (*Table 2*). This shift is not unexpected, given the major changes in economic policy during this period. Nevertheless, some trends have remained consistent throughout the entire period: Maharashtra, Gujarat, Delhi, and Haryana have shown steady performance, while West Bengal experienced persistent relative decline.

In the 1960s, Uttar Pradesh (then undivided) was the largest economic powerhouse in the country, contributing 14.4 percent of India's total GDP (*Table 1*). Maharashtra followed with a 12.5 percent share, while West Bengal ranked third with 10.5 percent. Tamil Nadu held the fourth highest share. It is fascinating to note that state of Bihar (also then undivided) had the fifth highest share in India's GDP (7.8 percent) in early 1960s, higher than that of even Gujarat, Karnataka etc. Together, these five states accounted for about 54 percent of India's GDP. As we will show further, these trends change significantly over the period of study.

⁵ The base years on which data has been used are 1960-61, 1970-71, 1980-81, 1993-94, 2004-05, 2011-12.

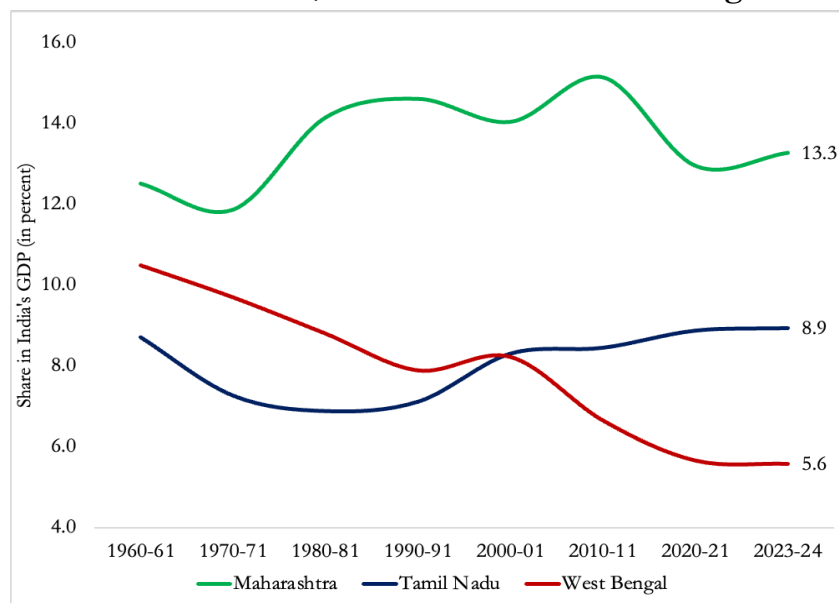
Table 1: Top 5 states in terms of share in India's GDP in 1960-61

Rank	State	Share in India's GDP
1	Uttar Pradesh	14.4
2	Maharashtra	12.5
3	West Bengal	10.5
4	Tamil Nadu	8.7
5	Bihar	7.8

At the time of independence, the three presidency towns—Bombay, Calcutta, and Madras—were home to the largest industrial clusters in the country. Consequently, it is not surprising that the states encompassing these towns—Maharashtra, West Bengal, and Tamil Nadu—emerged as the leading economic powerhouses in the 1960s. However, their economic trajectories have diverged significantly since that period. (Figure 1)

Maharashtra's economic performance has remained relatively steady throughout the period, despite a slight decline in its share over the last decade. Nevertheless, it continues to hold the highest share among all states. In contrast, West Bengal began losing its share as early as the 1960s, with its decline persisting even after economic liberalization. By 2023-24, West Bengal's share had dwindled to just 5.6 percent, down from 10.5 percent in 1960-61, marking the largest decline in India's GDP share among states. Tamil Nadu's economic trajectory, however, has been different. Although its share decreased from 8.7 percent in 1960-61 to 7.1 percent in 1990-91, the state experienced a turnaround following the 1991 liberalization. This economic boost is evident in its rising share, which reached 8.9 percent of India's GDP by 2023-24.

Figure 1: Share of Maharashtra, Tamil Nadu and West Bengal in India's GDP

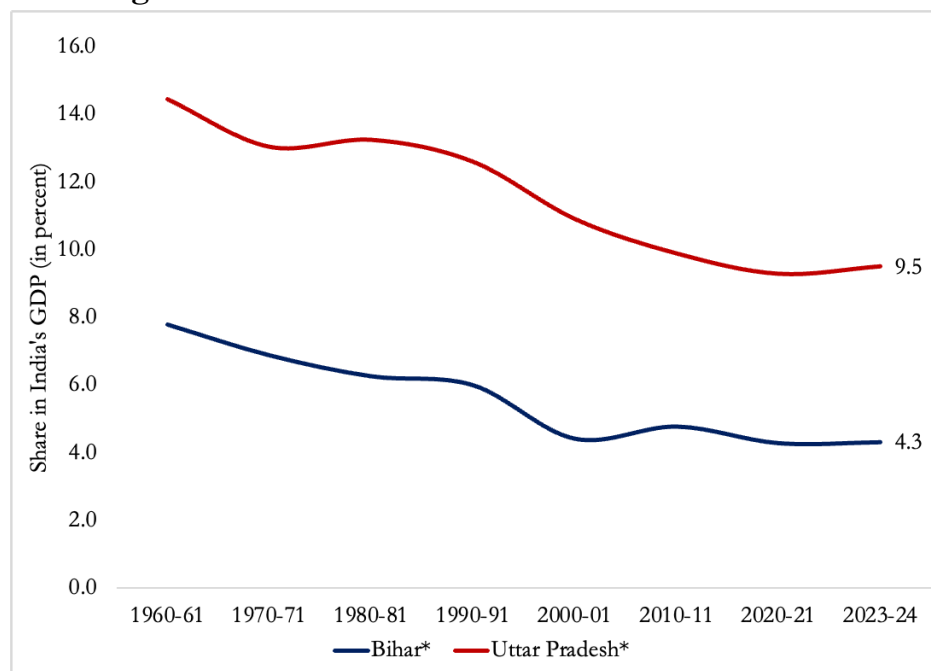


Source: Authors' calculation based on MoSPI data

The other two states that were among the top five economic powerhouses in the 1960s were Uttar Pradesh and Bihar. Their shares in India's GDP have declined over most of the period (*Figure 2*). The figure 2 below illustrates the trajectory of undivided Uttar Pradesh (including both UP and Uttarakhand) and Bihar (including Bihar and Jharkhand). Share of undivided Bihar was 7.8 percent in 1960-61. It then declined for four decades until 2000-01, before it stopped deteriorating. It has since then stabilized around 4.3-4.4 percent for undivided Bihar. Similarly, share of undivided Uttar Pradesh was 14.4 percent in 1960-61, which declined to 9.3 percent by 2020-21. Although the rate of decline had slowed after 2010, it was only in recent years that undivided Uttar Pradesh's share began to increase slightly, reaching 9.5 percent in 2023-24.

The trends remain consistent even when considering the bifurcated states of Uttar Pradesh and Bihar as they exist today. In 2000-01, when Uttar Pradesh was divided, its share of India's GDP was 10.2 percent. This share declined to 8.7 percent by 2010-11, after which pace of decline slowed down. It was 8.2 percent in 2020-21. It is only in the last few years that it has seen marginal improvement, reaching 8.4 percent in 2023-24. Similarly, share of Bihar post its bifurcation from Jharkhand was 2.8 percent in 2000-01 and has remained at almost the same level since then.

Figure 2: Share of UP and Bihar in India's GDP



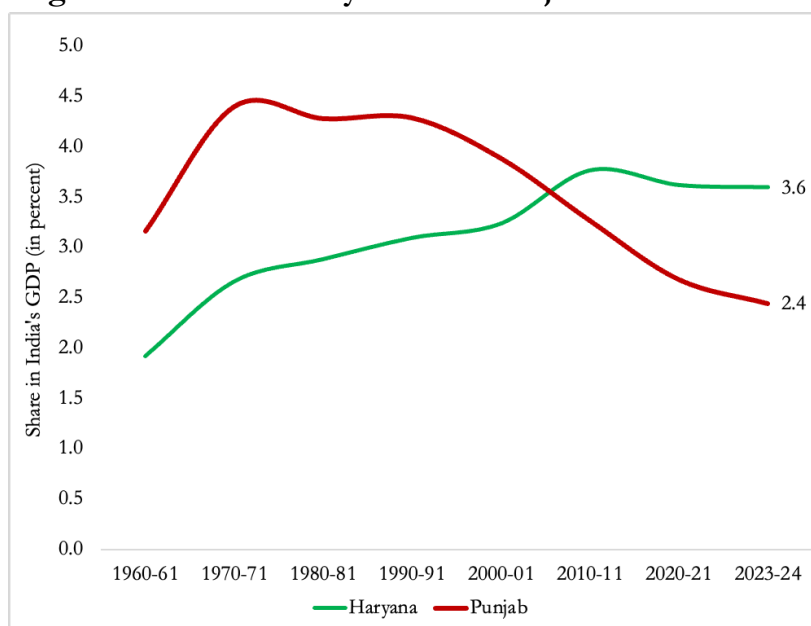
Source: Authors' calculation based on MoSPI data

*Note: * The graph is for undivided states of Bihar and UP. Here share of Bihar includes Bihar and Jharkhand and UP includes UP and Uttarakhand*

An interesting observation is the divergent economic trajectories of the neighbouring states of Punjab and Haryana, which were originally part of the same state (*Figure 3*). In 1960-61, Punjab's share of India's GDP was 3.2 percent, while Haryana's was 1.9 percent.

Following the Green Revolution, both states experienced a boom in agriculture, leading to increases in their shares. Punjab's share rose to 4.4 percent and Haryana's to 2.7 percent by 1970-71. However, Punjab's share plateaued around 4.3-4.4 percent over the next two decades. It began to decline from 1990-91 onwards and reached 2.4 percent in 2023-24. In contrast, Haryana's share continued to rise, although it has remained relatively stable since 2010-11. Haryana's share in India's GDP was 3.6 percent in 2023-24. It is likely that the success of Gurugram accounts for some part of Haryana's increasing share. Himachal Pradesh, which was also separated from the original state, had a GDP share of 0.7 percent in 1970-71. Its share has generally remained at this level since then.

Figure 3: Share of Haryana and Punjab in India's GDP



Source: Authors' calculation based on MoSPI data

A notable development following the economic liberalization is the emergence of southern states, especially Karnataka and Telangana as economic powerhouses. Karnataka's share in India's GDP was 5.4 percent in 1960-61, and it remained almost the same until 1990-91. However, after the policy shift, the state saw rapid growth, with its GDP share rising to 6.2 percent by 2000-01 and reaching 8.2 percent by 2023-24. This growth has positioned Karnataka with the third-largest share of India's GDP. Undivided Andhra Pradesh (Andhra Pradesh plus Telangana) now accounts for 9.7 percent, an increase of 2.1 percentage points since 1990-91 with most of the increase in share accounted for by Telangana. After bifurcation, share of Andhra Pradesh has remained broadly flat. Tamil Nadu also reversed its earlier its pre 1991 decline by increasing its share from 7.1 percent in 1990-91 to 8.9 percent in 2023-24, as discussed earlier. Kerala's share had increased from 3.4 percent in 1960-61 to a peak of 4.1 percent in 2000-01 but has since drifted down to 3.8 percent in 2023-24. It is the only southern state that seems to be losing share. Overall, the southern states together account for 30.6 percent of India's GDP in 2023-24.

Table 2: State share of national GDP

State\UT	1960-61	1970-71	1980-81	1990-91	2000-01	2010-11	2020-21	2023-24
Large states								
Andhra Pradesh[^]	7.7	7.7	7.0	7.6	8.2	8.4	9.5	9.7
<i>Andhra Pradesh</i>	7.7	7.7	7.0	7.6	8.2	4.6	4.9	4.7
<i>Telangana[#]</i>	3.8	4.7	4.9
Assam	2.6	2.4	2.1	2.4	1.9	1.6	1.7	1.9
Bihar[^]	7.8	6.9	6.3	6.0	4.4	4.8	4.3	4.3
<i>Bihar</i>	7.8	6.9	6.3	6.0	2.8	2.9	2.8	2.8
<i>Jharkhand</i>	.	.	.	.	1.7	1.8	1.5	1.5
Madhya Pradesh[^]	6.3	6.1	6.6	6.9	5.8	5.5	6.4	6.1
<i>Madhya Pradesh</i>	6.3	6.1	6.6	6.9	4.3	3.8	4.7	4.5
<i>Chhattisgarh</i>	.	.	.	.	1.5	1.7	1.7	1.7
Gujarat	5.8	6.7	6.3	6.4	6.4	7.5	8.0	8.1*
Haryana	1.9	2.7	2.9	3.1	3.2	3.8	3.6	3.6
Karnataka	5.4	5.7	5.3	5.3	6.2	5.9	8.1	8.2
Kerala	3.4	3.8	3.6	3.2	4.1	3.8	3.8	3.8
Maharashtra	12.5	11.9	14.2	14.6	14.0	15.2	13.0	13.3
Odisha	2.9	3.2	3.2	2.5	2.3	2.9	2.7	2.8
Punjab	3.2	4.4	4.3	4.3	3.9	3.3	2.7	2.4
Rajasthan	4.4	5.1	3.9	4.7	4.6	4.9	5.1	5.0
Tamil Nadu	8.7	7.3	6.9	7.1	8.3	8.4	8.9	8.9
Uttar Pradesh[^]	14.4	13.0	13.2	12.6	10.9	9.9	9.3	9.5
<i>Uttar Pradesh</i>	14.4	13.0	13.2	12.6	10.2	8.7	8.2	8.4
<i>Uttarakhand</i>	.	.	.	.	0.7	1.2	1.1	1.1
West Bengal	10.5	9.7	8.8	7.9	8.2	6.7	5.7	5.6
Delhi	1.4	1.5	2.3	2.6	3.7	3.7	3.7	3.6
Small states								
Arunachal Pradesh	.	0.1	0.1	0.1	0.1	0.1	0.2	0.1*
Goa	.	.	0.3	0.3	0.5	0.5	0.4	0.3*
Himachal Pradesh	.	0.7	0.7	0.6	0.8	0.8	0.8	0.7
Manipur	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1*
Meghalaya	.	.	0.2	0.2	0.2	0.2	0.2	0.2
Mizoram	.	.	0.1	0.1	0.1	0.1	0.1	0.1*
Nagaland	.	0.1	0.1	0.1	0.2	0.2	0.1	0.1*
Sikkim	.	.	0.0	0.1	0.1	0.1	0.2	0.2
Tripura	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Andaman & Nicobar Islands	.	.	0.05	0.04	0.06	0.06	0.05	0.04*
Chandigarh	.	.	.	.	0.2	0.3	0.2	0.2*
Jammu & Kashmir	0.7	0.8	1.0	0.8	0.9	0.8	0.8	0.8
Puducherry	.	0.1	0.2	0.1	0.2	0.2	0.2	0.2

Note:

- (1) Share of state is calculated as GSDP of state as a ratio of sum of GSDP of all states.
- (2) For 1960-61 and 1970-71, ratio is calculated as NSDP of state divided by sum of NSDP of all states.
- (3) * Number is for 2022-23.
- (4) Andhra Pradesh[^] is combination of Andhra Pradesh and Telangana; Madhya Pradesh[^] is combination of Madhya Pradesh and Chhattisgarh; Bihar[^] is combination of Bihar and Jharkhand, Uttar Pradesh[^] is a combination of Uttar Pradesh and Uttarakhand. Calculated for the state as if it was not bifurcated to allow for comparability.
- (5) #Telangana was bifurcated from Andhra Pradesh in 2014, however the data is available since 2010-11.

Gujarat has seen a significant increase in its share in India’s GDP in last two decades. Its share had increased from 5.8 percent in 1960-61 to 6.7 percent in 1970-71. It however then remained at broadly the same levels until 2000-01, before beginning to increase rapidly. Its share rose to 8.1 percent in 2022-23⁶. It is interesting to note here that Gujarat and Maharashtra were part of the same Bombay state until 1960. While Maharashtra has been able to maintain its share in India’s growing economy, Gujarat’s share was broadly flat until 2000-01 before it took off.

Despite its small size, Delhi has experienced a remarkable increase in its economic share (even excluding broader NCR area). It was 1.4 percent of India’s GDP in 1960-61. It has since then gradually increased to become 3.6 percent of India’s GDP, which is comparable to a large state like Haryana or Kerala.

III. Relative per capita income

The other indicator used to assess relative state performance is relative per capita income levels. This metric provides insight into how the average income of individuals in a particular state compares to the national average.

In 1960-61, among the large states, Delhi was the wealthiest, with a per capita income more than double the national average. Maharashtra was ranked second with relative per capita income level of 133.7 percent of national average. Interestingly, West Bengal held the third-highest relative per capita income among states at that time, with an average income of about 127.5 percent of the national average, even higher than that of states like Gujarat, Karnataka, Tamil Nadu, Kerala etc. Next was Punjab with relative per capita income of 119.6 percent of national average. Gujarat followed closely at the fifth position with relative per capita income of 118.3 percent of national average (*Table 3*). In contrast, (undivided) Bihar and Odisha had the lowest relative per capita incomes of about 70-71 percent of the national average.

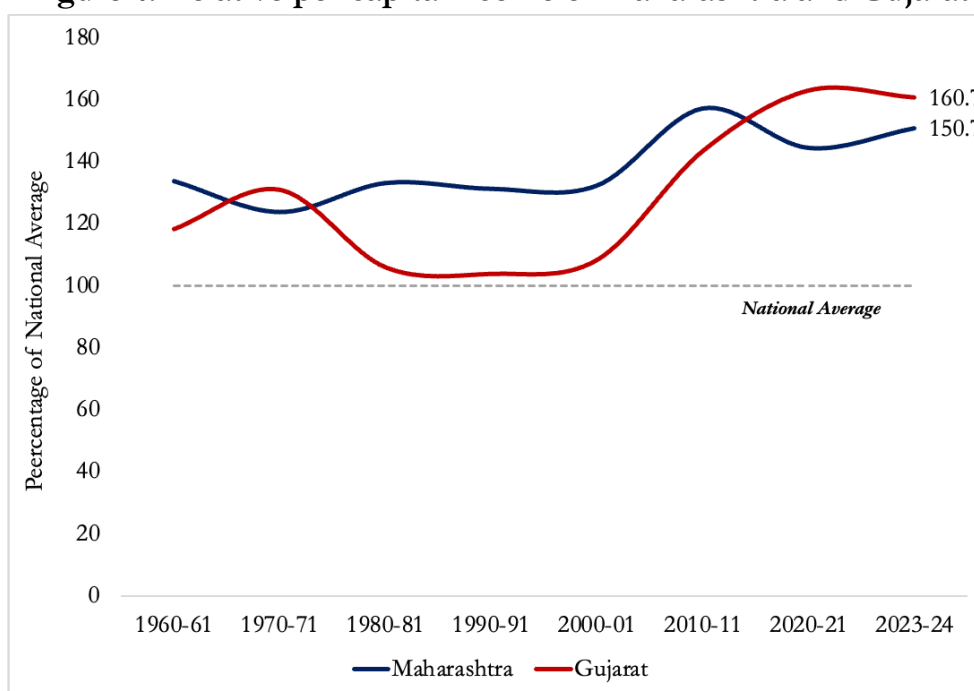
Table 3: Top 5 states measured in terms of Relative per capita income in 1960-61 (Among large states)

Rank	State	Relative per capita income
1	Delhi	218.3
2	Maharashtra	133.7
3	West Bengal	127.5
4	Punjab	119.6
5	Gujarat	118.3

⁶ Gujarat’s data was available until 2022-23

The performance of Maharashtra and Gujarat has remained strong throughout most of the period under review. Both states have had per capita incomes above the national average since the 1960s. However, in 1960-61, Gujarat lagged behind Maharashtra, with a per capita income of 118.3 percent of national average compared to Maharashtra's 133.7 percent. Gujarat's relative per capita income actually declined during the 1970s and remained relatively flat until 2000-01, hovering just above 100 percent. From 2000-01 onwards, however, Gujarat's relative per capita income surged significantly, eventually surpassing Maharashtra. As per the latest data, Gujarat's relative per capita income stands at 160.7 percent of the national average, as compared to Maharashtra's 150.7 percent (*Figure 4*).

Figure 4: Relative per capita income of Maharashtra and Gujarat



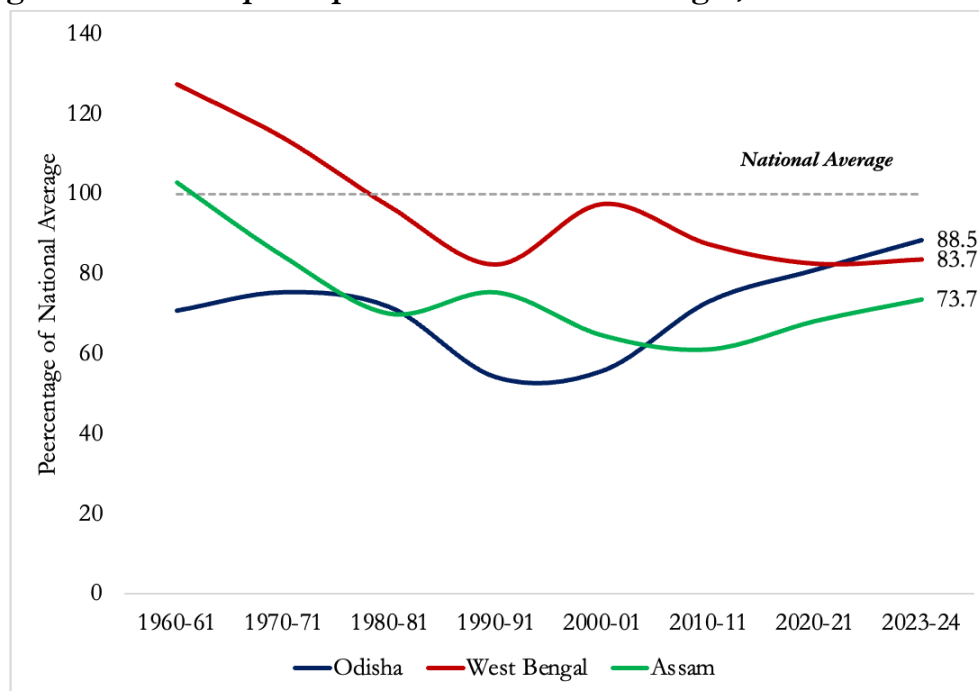
Source: Author's calculation based on MoSPI data

Delhi continues to do well. It had the highest per capita income in 1960s, and continued to see an increase with some fluctuations in between, but has now been surpassed by Sikkim and Goa. In 2023-24, the relative per capita income of Delhi was 250.8 percent, indicating that an average person in Delhi had an income of 2.5 times of an average Indian.

West Bengal, mirroring its declining economic share, has experienced a significant decline in relative per capita income as well (*Figure 5*). Once holding the third-highest per capita income in the country in 1960-61 and having per capita income 27 percent higher than the national average, West Bengal's per capita income fell below the national average by 1980-81. It was already 82.4 percent of the national average in 1990-91, briefly improving for a decade before resuming its decline. In 2023-24, the relative per capita

income of West Bengal was 83.7 percent of the national average, even lower than what was in 1960-61. In contrast, Odisha, which was traditionally a laggard state, has seen significant improvement in its performance since the 2000s. Odisha's relative per capita income went up from 55.8 percent in 2000-01 to 88.5 in 2023-24. Although still below the national average, the progress made over the past two decades is substantial. As it stands today, per capita income of West Bengal is even lower than that of Odisha. Odisha's performance relative to other eastern states needs to be further studied.

Figure 5: Relative per capita income of West Bengal, Odisha and Assam



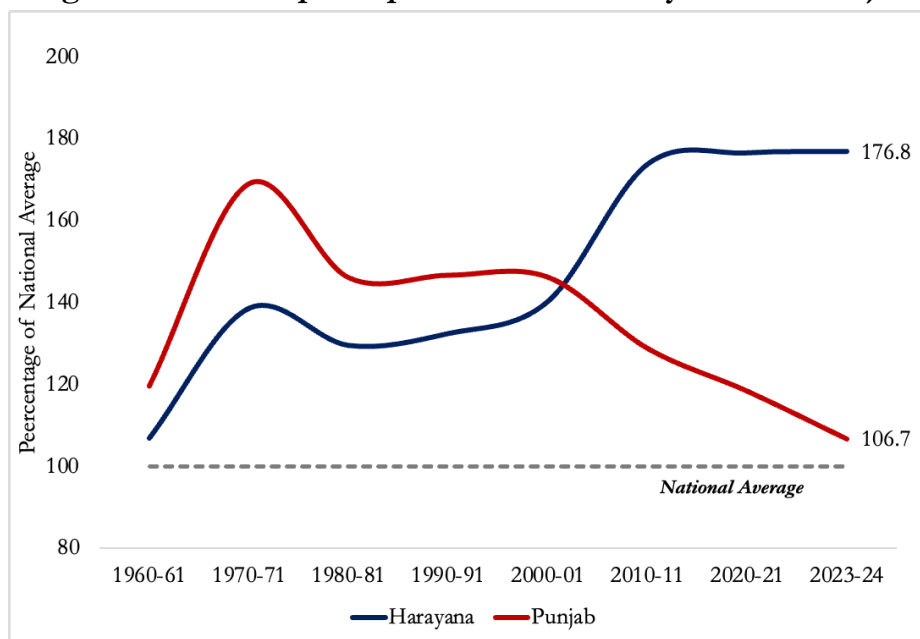
Source: Author's calculation based on MoSPI data

In 1960-61, Assam's per capita income was just slightly above the national average, with a per capita income of 103 percent of national average. However, this figure began to decline steadily over the following decades, reaching a low of 61.2 percent by 2010-11. Since then, Assam has experienced a resurgence, with its relative per capita income rising to 73.7 percent in 2023-24. (Figure 5).

Punjab after witnessing rapid increase in per capita income levels following the Green Revolution in 1960s, did not keep pace with the national average. In fact, over time its economic trajectory diverged completely from Haryana (Figure 6). Punjab's relative per capita income rose from 119.6 percent of the national average in 1960-61 to 169 percent in 1970-71, but then declined to 146.1 percent by 1980-81. It remained relatively stable at these levels until 2000-01, after which it began to decrease again. Overall, apart from the increases seen post green revolution, the state has not seen any other push to per capita income levels (or even GSDP growth). The per capita income of Punjab was 106.7 percent of national average in 2023-24, even lower than what it was in 1960-61. In

contrast, Haryana, also a beneficiary of the Green Revolution, saw its relative per capita income increase from 106.9 percent in 1960-61 to 138.5 percent in 1970-71, and then remaining at similar levels until 1990-91. However, post-economic liberalization, Haryana's relative per capita income began to rise rapidly, reaching 176.8 percent in 2023-24. Today, Haryana has the fourth-highest relative per capita income among major states, following Delhi, Telangana, and Karnataka.

Figure 6: Relative per capita income of Haryana and Punjab



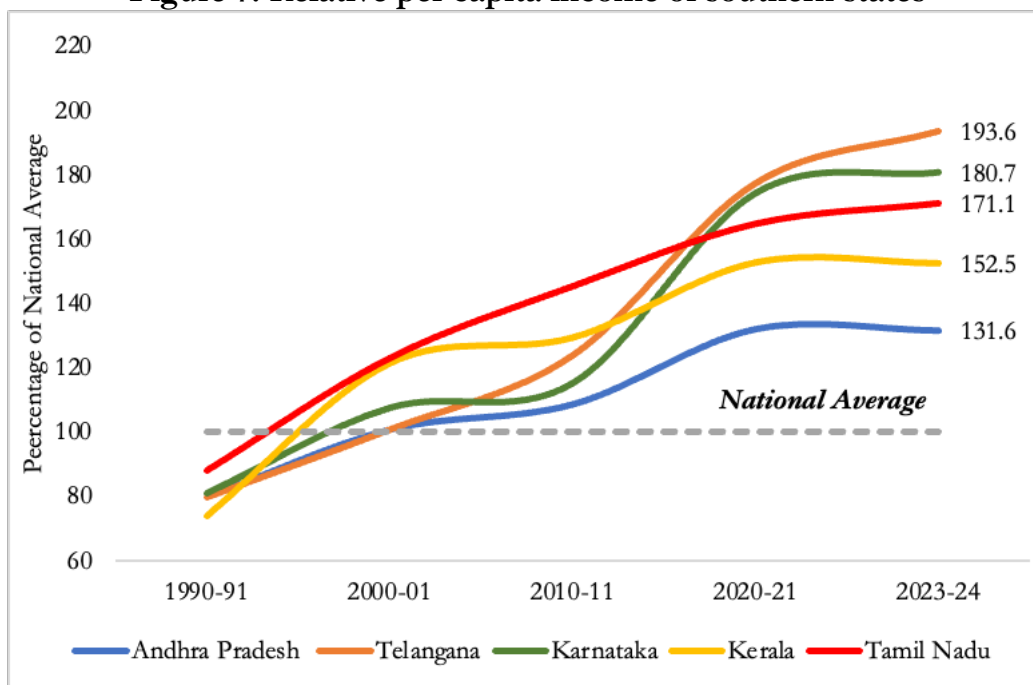
Source: Author's calculation based on MoSPI data

Southern states emerged as top performers in terms of per capita income as well since the 1990s. The group of southern states—including Andhra Pradesh, Telangana, Karnataka, Kerala, and Tamil Nadu—has seen their per capita incomes grow faster than the national average, leading to a significant increase in their relative income levels. In 1990-91, all these southern states had per capita incomes below the national average, resulting in relative per capita incomes of less than 100 (*Figure 7*). However, within the first decade following economic liberalization, the relative per capita income of each of these states surpassed 100 and continued to rise rapidly thereafter. An average person in Telangana now has income level 94 percent higher than the national average, while that of Karnataka and Tamil Nadu has 81 percent and 71 percent higher respectively. Among large states, Telangana and Karnataka have the second and third highest per capita incomes in the country, with Delhi being the highest. Kerala's per capita income has also increased to 152 percent of national average in 2023-24. We understand the numbers may be an underestimate for Kerala as it was a big receiver of remittances even in 1991.

Though all per capita incomes for all the southern states have grown, the pace has not been the same for all. Andhra Pradesh and Telangana after the bifurcation have grown

at quite different rates, with Telangana’s growth being significantly higher. As a result, relative per capita income of Telangana has increased to 193.6 percent in 2023-24, whereas that of Andhra Pradesh is 131.6.

Figure 7: Relative per capita income of southern states



Source: Authors’ calculation based on MoSPI data

Note:

- (1) Numbers for Andhra and Telangana are same for 1990-91 and 2000-01 as the state was not bifurcated at the time.
- (2) Telangana was bifurcated from Andhra Pradesh in 2014, however the data is available since 2010-11.

Performance of Bihar on this account has been far from satisfactory. It continues to have the lowest per capita income in the country and has experienced a decline for most of the period under study before stabilizing in the last two and half decades, though at a very low level (*Figure 8*). Starting with the lowest relative per capita income of 70.3 percent in 1960-61 for undivided Bihar, it further deteriorated to just 31.2 percent by 2000-01 at the time of bifurcation. Since the 2000s, Bihar's per capita income growth has slightly exceeded or matched the national average⁷, leading to a relative per capita income that has remained relatively stable. After a decade of modest improvement from 31.2 percent for bifurcated Bihar in 2000-01 to reach 35.4 percent by 2010-11, its relative per capita now hovers around 33 percent. Though this means that an average person in Bihar still has an income level 77 percent lower than that an average Indian. We understand that household incomes may be bolstered by remittances but the gap is very stark. This is the first time (since the data became available) that any state has seen such divergence in per capita income levels as compared to the national average. Bihar will need to accelerate its economic growth considerably to make progress toward closing this gap.

⁷ Similar results were found in an EAC-PM working paper *State Budgets in India: Observational Time Trend Analysis from 1990 to 2020* by Dr Shamika Ravi and Dr Mudit Kapoor also found that average per capita NSDP growth rate of Bihar was -0.4% in 1990-1999. It then picked up to 5.3% in the period 2000-2019.

Table 4: Relative per capita income

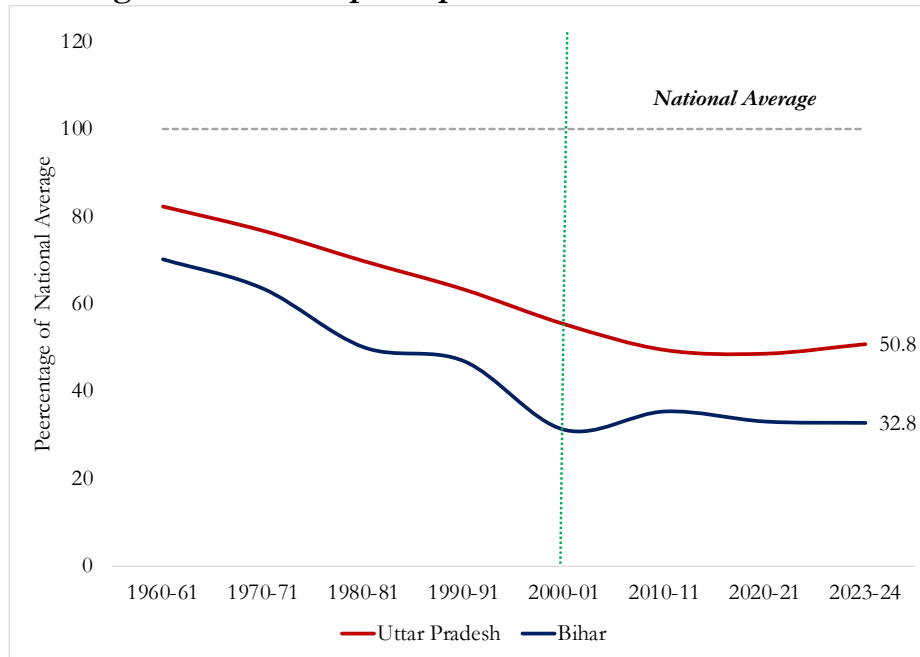
State\UT	1960-61	1970-71	1980-81	1990-91	2000-01	2010-11	2020-21	2023-24
Large states								
Andhra Pradesh[^]	89.9	92.4	75.4	79.9	100.9	.	.	.
<i>Andhra Pradesh</i>	.	.	.	.	.	108.7	132.1	131.6
<i>Telangana</i>	.	.	.	.	.	123.9	177.4	193.6
Assam	102.9	84.5	70.2	75.5	64.7	61.2	68.3	73.7
Bihar[^]	70.3	63.5	50.1	46.9	.	.	.	.
<i>Bihar</i>	.	.	.	.	31.2	35.4	33.1	32.8
<i>Jharkhand</i>	.	.	.	.	52.8	64.3	55.0	57.2
Madhya Pradesh[^]	82.4	76.5	74.2	71.4	.	.	.	.
<i>Madhya Pradesh</i>	.	.	.	.	65.1	60.1	80.2	77.4
<i>Chhattisgarh</i>	.	.	.	.	59.9	76.2	83.4	80.0
Gujarat	118.3	131.0	106.0	103.9	108.4	143.4	162.9	160.7*
Haryana	106.9	138.5	129.5	132.4	140.2	173.7	176.5	176.8
Karnataka	96.7	101.3	83.1	81.1	107.6	115.2	174.3	180.7
Kerala	84.6	93.8	82.4	74.1	121.5	129.5	152.8	152.5
Maharashtra	133.7	123.7	133.0	131.2	132.2	157.1	144.4	150.7
Odisha	70.9	75.5	71.8	54.3	55.8	73.2	81.1	88.5
Punjab	119.6	169.0	146.1	146.7	146.2	128.8	118.4	106.7
Rajasthan	92.8	102.8	66.8	73.9	75.6	82.6	90.3	91.2
Tamil Nadu	109.2	91.8	81.8	87.9	122.9	145.3	164.7	171.1
Uttar Pradesh[^]	82.4	76.8	69.8	63.3	.	.	.	.
<i>Uttar Pradesh</i>	.	.	.	.	55.3	49.4	48.6	50.8
<i>Uttarakhand</i>	.	.	.	.	77.7	136.6	137.2	141.3
West Bengal	127.5	114.1	96.9	82.4	97.5	87.5	82.6	83.7
Delhi	218.3	189.4	220.2	195.0	256.8	268.7	253.3	250.8
Small States								
Arunachal Pradesh	.	55.9	85.8	95.2	88.8	112.8	142.7	118.0*
Goa	.	144.7	171.8	155.1	300.2	311.0	332.5	290.7*
Himachal Pradesh	.	107.1	93.1	86.6	120.4	126.4	136.1	127.7
Manipur	50.3	60.2	77.5	70.1	66.8	52.5	59.6	66.0*
Meghalaya	.	.	74.4	77.1	88.4	81.0	71.3	74.3
Mizoram	.	.	70.4	78.9	111.7	94.3	136.4	126.9*
Nagaland	.	75.5	74.4	88.0	106.5	102.9	94.1	85.9*
Sikkim	.	.	85.8	93.5	99.7	201.7	326.2	319.1
Tripura	81.4	79.3	71.4	59.4	92.1	85.2	93.1	96.5
Andaman & Nicobar Islands	.	.	142.8	98.6	147.5	149.1	161.4	152.3*
Chandigarh	.	.	.	.	268.9	234.4	228.3	235.8*
Jammu & Kashmir	87.9	86.6	97.0	67.3	77.2	74.2	79.9	77.2
Puducherry	.	130.3	152.7	117.8	212.6	187.1	164.1	142.3

Source: Authors' calculation based on MoSPI data

Note:

- (1) Relative per capita income is calculated as Per capita NSDP of state divided by Per capita NNI of India multiplied by 100
- (2) * Data is for 2022-23
- (3) ^ Data is for states before bifurcation

Figure 8: Relative per capita income of Bihar and UP



Source: Authors' calculation based on MoSPI data

Note: The data is for undivided UP and Bihar until 1990-91 and bifurcated states from 2000-01

The trajectory of Uttar Pradesh has been similar. The relative per capita income of Uttar Pradesh has stabilized only in last few years after being on a downward trend since 1960s (Figure 8). It was 82.4 percent in 1960-61 for undivided UP. It began to decline and continued to do so even after bifurcation. The relative per capita income for the divided state of Uttar Pradesh was 55.3 percent in 2000-01, which further declined to 49.4 percent in 2010-11. It then flattened out before improving marginally in last few years. However, it is still at very low level. In 2023-24, Uttar Pradesh's per capita income was only 50.8 percent of the national average, indicating that the average person in the state earns about half of what is typical across India. As in the case of Bihar and Kerala, household incomes may be higher than implied here due to remittances.

Madhya Pradesh and Rajasthan, which were traditionally lagging also have shown improvements in the last decade and a half. Madhya Pradesh experienced a significant turnaround after 2010, reversing a five-decade decline in relative per capita income. Its relative per capita income rose by nearly 20 percentage points, from 60.1 percent in 2010-11 to 80.2 percent in 2020-21—a considerable achievement. It has since flattened out at 77.4 percent in 2023-24. In case of Rajasthan, the relative per capita income increased by 10 percentage points from 1960-61 to 1970-71, before experiencing a decline for the next three decades. It became 75.6 percent in 2000-01. However, it has since improved, reaching 91.2 percent by 2022-23. Taking the period as a whole, Rajasthan's relative per capita income remains at almost the same level it was in 1960-61.

Among small states, Sikkim and Goa have demonstrated remarkable improvements. Sikkim, which had a relative per capita income of just 93 percent of the national average in 1990-91, has surged to 319 percent by 2023-24. Similarly, Goa's relative per capita income has nearly doubled, rising from 144 percent in 1970-71 to 290 percent in 2023-24. They are now India's richest states measured in terms of per capita incomes.

IV. Conclusion

The western and southern regions of India have performed notably better than other parts of the country. Maharashtra and Gujarat have consistently demonstrated strong economic performance over the years. Goa's relative per capita income has doubled over the period of study. Additionally, the southern states have significantly outpaced others after economic liberalization, with the five states collectively accounting for approximately 30 percent of India's GDP.

In the north, states like Delhi and Haryana also stand out. Delhi has one of the highest per capita incomes throughout the study period. The divergent performance of Haryana and Punjab warrants further investigation to understand the underlying policy implications. Punjab's relative per capita income has declined after 2000s, while Haryana, which was once behind, has surpassed Punjab on both economic indicators.

The eastern part of the country remains a concern. West Bengal has experienced a continuous decline in its relative economic performance over several decades. Although Bihar's relative position has stabilized in the last two decades, it remains significantly behind other states and requires much faster growth to catch up. Conversely, Odisha, traditionally a laggard, has shown marked improvement in recent years. Overall, maritime states have clearly outperformed the other states, with the exception of West Bengal.
