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METHODOLOGY

How the States Were Ranked

- **19 states evaluated on 46 parameters across 8 categories.**
- **States evaluated for both 1991 and 2001.**

IF YOU WANT TO RANK STATES, THERE ARE two broad roads to follow. First, you can administer questionnaires and respondents reply to specific questions. However, this route presumes respondents know about all the states you wish to rank. Typically, that doesn't happen. Respondents know about states they operate in (or are located in). Second, you can use objective data. (There's a third alternative of splicing subjective and objective, but that's neither here nor there.) We used the objective route, relying solely on data from Central sources, so that non-comparability of data across states was not an issue.

The next step is to identify the parameters to rank states. We picked eight heads. **Prosperity and budget** (percentage of population above poverty line, percentage of urban population, per capita capital expenditure, inflation, per capita debt, per capita GDP, per capita revenue of SEB); **Law and**

old); **Consumer market** (households owning TVs, number of affluent households in urban and rural areas, per capita deposits in banks, and per capita ownership of two-wheelers); **Agriculture** (percentage of cultivated area under cash crops, agriculture GDP per rural population, agriculture electricity consumption per rural population, foodgrain yield, loans extended to farmers and net irrigated area); **Infrastructure** (percentage of homes with electricity, percentage of villages connected with pucca roads, per capita road length, bank branches, LPG connections, post offices and telephones); and **Investment** (size of public administration, per capita capital expenditure, commercial bank credit and gross capital formation in manufacturing, ratio of factories to number of disputes, ratio of industrial workers to urban 15-59 population, and percentage of sick SSIs). Data on all the parameters was normalised. Lack of data restricts the study to 19 states. Delhi became a state in 1993. Its 1991 ranking is based on data when it was a Union territory.

Different variables move in different directions. So to obtain a state's performance under any one head, variables have to be aggregated. We used principal components analysis, which churns out weights in the estimation process itself. Accordingly, for each head we have scores for each state. Using these scores, states are ranked for each head. That not only gives an inter-state comparison, it also tells us how a state performed in 2001 compared with 1991. But you should not read too much into ranks. It is the scores that are crucial. There may be little difference in scores for two states, although one is ranked above the other. In such cases, the ranking is not robust. If the difference in scores is large, you can read much more into ranks.

But the overall title is also important. Hence, the eight heads are aggregated into an overall performance index for each state. For this aggregation, we are reporting equal weight aggregation, since in this case, there is little difference between equal weights and PCA weights. Explanations about why a state does well or badly overall will be found under the eight heads while its performance under any specific head will be found in variables included (or excluded).

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—Bibek Debroy and Laveesh Bhandari



SHARAD SAXENA

ROBUST RANKERS: Debroy (left) and Bhandari

order (number of policemen per lakh people, ratio of cases filed to pending cases in district and lower courts, share of murders, kidnappings and rape and molestations to total cognisable crimes); **Health** (infant mortality ratio or IMR, ratio of male IMR to female IMR, percentage of births assisted by trained personnel, percentage of homes having tap water as principal source of water, registered doctors per million population, sex ratio and per capita expenditure on health and family welfare by state government); **Education** (literacy rate, proportion of 10 plus children having completed primary education, ratio of boys to girls in elementary school, teacher-pupil ratio and expenditure on elementary education per 6 to 14 year

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■ FROM THE EDITOR IN CHIEF

IT is often said that India resides in its villages. In terms of governance, though, it resides in its states. It is for this reason that we decided to take a closer look at our states. Many surveys rank them purely on their capacity to attract investment. But what we have attempted this week is, I believe, unique. The INDIA TODAY study on "The State of the States" is an attempt to find out which of India's many states offer its citizens the best options and opportunities both at work and outside it.

Why do states matter more than the Central Government, which formulates wider policy? They matter because in an open economy, the states become masters of their own fate. Liberalisation in 1991 changed the Centre-state equation from one of entitlement to one of open competition. With the era of coalition politics, starting with the premiership of H.D. Deve Gowda in 1996, states gained greater autonomy because of political leverage at the Centre.

Our study is an analysis of which states made the most of liberalisation and which fell away. We wanted to bridge the gap between the perception of a state government's work



SAURABH SINGH

and its actual performance—the result of surveys or polls—and adopted a more objective approach.

We asked economists Bibek Debroy and Laveesh Bhandari to devise a ranking that took into account both the business environment and the quality of life. Debroy, renowned as the most radical, multi-disciplinary thinker in his field, and Bhandari, one of India's expert econometricians, used a vast database of statistics and two years—1991 and 2001—as benchmarks to produce a dynamic ranking that will surprise many. Neither Maharashtra nor Gujarat made it to the top while the state we merely consider a dream vacation spot, Goa, turned out to be smarter, more efficient and better than the rest. Deputy Editor Rohit Saran, who coordinated the effort with countrywide bureaus, says, "The divide is growing—not between rich and poor states but performers and non-performers."

The results may be surprising but the principle behind the success stories is pure common sense. Hopefully this will encourage further debate on the quality of governance at the state level.

(Aroon Purie)

BIG BOYS CLUB**Biggies Beaten Again**

STATES	Population	Rank*
TAMIL NADU	6.21	1
GUJARAT	5.05	2
MAHARASHTRA	9.67	3
Karnataka	5.27	4
Andhra Pradesh	7.57	5
Rajasthan	5.65	6
West Bengal	8.02	7
Madhya Pradesh	8.12	8
Uttar Pradesh	17.45	9
Bihar	10.90	10

* Rank only among the 10 most populous states which account for 84 per cent of India's population; Population in crores

THE ONES NOT RANKED**East India's Company**

	Estimated per capita income a year*	Population above poverty line	Literacy rate
Pondichery	36.4	78.3	81.5
Sikkim	22.2	63.5	69.7
Arunachal Pradesh	17.3	66.5	54.7
Mizoram	16.9	80.5	88.5
Nagaland	15.4	67.3	67.1
Meghalaya	14.3	66.1	63.3
Tripura	13.4	65.6	73.7
Manipur	12.5	71.5	68.9

* Rs '000 at current prices

PROSPERITY AND BUDGET

2001 Rank	1991 Rank	Change
1	1	0
2	2	0
3	3	0
4	4	0
5	10	+5
6	6	0
7	8	+1
8	5	-3
9	14	+5
10	7	-3
11	9	-2
12	11	-1
13	12	-1
14	15	+1
15	13	-2
16	16	0
17	17	0
18	19	+1
19	18	-1

Fastest Mover in the 1990s
HIMACHAL PRADESH

LAW & ORDER

2001 Rank	1991 Rank	Change
1	1	0
2	3	+1
3	5	+2
4	6	+2
5	7	+2
6	8	+2
7	4	-3
8	10	+2
9	2	-7
10	9	-1
11	13	+2
12	12	0
13	11	-2
14	17	+3
15	16	+1
16	14	-2
17	18	+1
18	15	-3
19	19	0

Fastest Mover in the 1990s
PUNJAB

EDUCATION

2001 Rank	1991 Rank	Change
1	1	0
2	4	+2
3	2	-1
4	3	-1
5	6	+1
6	5	-1
7	7	0
8	11	+3
9	13	+4
10	10	0
11	8	-3
12	9	-3
13	15	+2
14	12	-2
15	14	-1
16	16	0
17	18	+1
18	17	-1
19	19	0

Fastest Mover in the 1990s
RAJASTHAN

AGRICULTURE

2001 Rank	1991 Rank	Change
1	1	0
2	3	+1
3	6	+3
4	8	+4
5	10	+5
6	5	-1
7	12	+5
8	7	-1
9	2	-7
10	11	+1
11	17	+6
12	18	+6
13	4	-9
14	9	-5
15	13	-2
16	16	0
17	15	-2
18	14	-4
19	19	0

Fastest Mover in the 1990s
RAJASTHAN

HEALTH

2001 Rank	1991 Rank	Change
1	1	0
2	2	0
3	6	+3
4	3	-1
5	4	-1
6	5	-1
7	7	0
8	10	+2
9	8	-1
10	9	-1
11	12	+1
12	13	+1
13	11	-2
14	14	0
15	17	+2
16	15	-1
17	18	+1
18	16	-2
19	19	0

Fastest Mover in the 1990s
MADHYA PRADESH

INFRASTRUCTURE

2001 Rank	1991 Rank	Change
1	1	0
2	2	0
3	3	0
4	4	0
5	11	+6
6	10	+4
7	8	+1
8	7	-1
9	6	-3
10	5	-5
11	9	-2
12	12	0
13	14	+1
14	13	-1
15	16	+1
16	17	+1
17	15	-2
18	18	0
19	19	0

Fastest Mover in the 1990s
ASSAM

INVESTMENT SCENARIO

2001 Rank		1991 Rank	Change
1	Goa	1	0
2	Delhi	6	+4
3	Haryana	5	+2
4	Gujarat	3	-1
5	Punjab	4	-1
6	Himachal Pradesh	7	+1
7	Maharashtra	8	+1
8	Karnataka	10	+2
9	Tamil Nadu	13	+4
10	Andhra Pradesh	12	+2
11	Assam	11	0
12	Jammu & Kashmir	2	-10
13	Rajasthan	9	-4
14	Kerala	17	+3
15	Uttar Pradesh	15	0
16	Madhya Pradesh	14	-2
17	West Bengal	18	+1
18	Orissa	16	-2
19	Bihar	19	0

Fastest Movers in the 1990s
DELHI & TAMIL NADU

CONSUMER MARKETS

2001 Rank		1991 Rank	Change
1	Delhi	1	0
2	Goa	2	0
3	Punjab	3	0
4	Haryana	4	0
5	Maharashtra	6	+1
6	Himachal Pradesh	6	0
7	Kerala	9	+2
8	Jammu & Kashmir	5	-3
9	Gujarat	8	-1
10	Tamil Nadu	11	+1
11	Karnataka	10	-1
12	West Bengal	13	+1
13	Rajasthan	12	-1
14	Andhra Pradesh	17	+3
15	Assam	16	+1
16	Uttar Pradesh	15	-1
17	Madhya Pradesh	14	-3
18	Orissa	18	0
19	Bihar	19	0

Fastest Mover in the 1990s
ANDHRA PRADESH

THE THREE INDIAS

POVERTY LEVEL		HEALTHCARE SPENDING		LITERACY	
BEST THREE		BEST THREE		BEST THREE	
Population below poverty line		Rs per person a year*		% of illiterate population	
Goa	4.40	Goa	382	Kerala	9.08
Punjab	6.16	Himachal Pradesh	251	Goa	17.68
Himachal Pradesh	7.63	Jammu & Kashmir	245	Delhi	18.18
WORST THREE		WORST THREE		WORST THREE	
Population below poverty line		Rs per person a year*		% of illiterate population	
Orissa	47.15	Uttar Pradesh	48	Bihar	50.83
Bihar	42.60	Bihar	61	Jammu & Kashmir	45.54
Madhya Pradesh	37.43	Madhya Pradesh	75	Uttar Pradesh	41.89
Figures are in %		*State government spending			

Madhya Pradesh, Bihar and Uttar Pradesh figures are for pre-division period; Northeast data not considered Source: www.Indicus.net

PER CAPITA INCOME		
BEST THREE		
	2000-1	Growth %
Goa	30,744	5.69
Delhi	26,616	3.35
Punjab	17,450	2.44
WORST THREE		
	2000-1	Growth %
Bihar	4,616	0.88
Orissa	6,162	1.26
Uttar Pradesh	6,236	1.52
Income in Rs per annum and growth in the 1990s		

STATE DOMESTIC PRODUCT		
HIGHEST THREE		
	2000-1	Growth %
Maharashtra	1,67,075	5.00
Uttar Pradesh	1,08,843	3.85
Tamil Nadu	89,110	5.65
LOWEST THREE		
	2000-1	Growth %
Goa	4,132	7.17
Himachal Pradesh	7,635	6.02
Jammu & Kashmir	8,680	4.02
SDP figures in Rs crore		