

# 1. State economy: a macro perspective

## INTRODUCTION

The State of Haryana, one of the smaller States of India, has a relatively high level of per capita Net State Domestic Product (NSDP), lower than only Delhi, Goa, Punjab and Maharashtra among the 27 States in India and more than three times the per capita NSDP of Bihar, the poorest State. Despite a falling share in the Gross State Domestic Product (GSDP), much of the State's income is still generated in the primary (mainly agricultural) sector (41 percent in 1995–96: see also table 1.1) where 59 percent of the population is employed. Three-quarters of the total population of the State lives in rural areas.

**Table 1.1 : Sectoral Shares in GSDP and Growth Rates**

	(percent)								
	1980–81 to 1984–85			1985–86 to 1989–90			1990–91 to 1994–95		
	Haryana	HIS*	India	Haryana	HIS	India	Haryana	HIS	India
<b>Shares</b>									
Agriculture	50.88	32.75	39.39	44.81	27.54	34.50	44.22	24.67	31.46
Industry	20.31	31.33	25.43	24.47	34.06	27.25	24.07	34.83	28.37
Services	28.81	35.92	35.18	30.72	38.40	38.24	31.70	40.51	40.18
<b>Growth Rates</b>									
Agriculture	2.36	3.80	3.40	6.56	4.69	3.30	4.85	2.97	2.96
Industry	6.02	4.40	5.10	10.77	8.29	7.50	5.11	7.49	5.76
Services	6.41	6.14	5.46	9.54	7.73	7.76	4.65	7.38	5.68

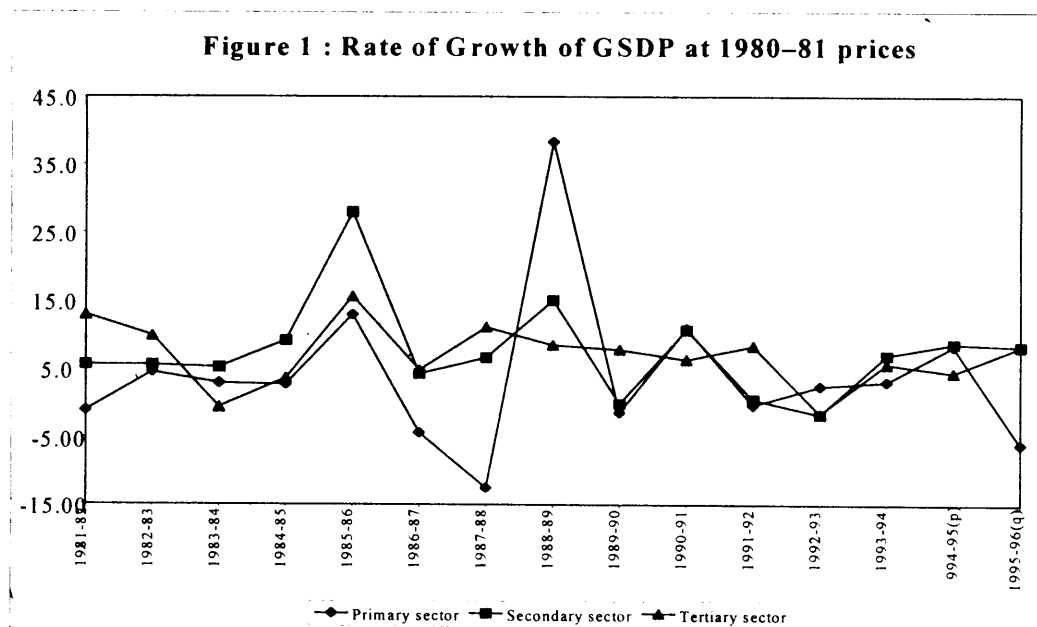
Source: Computed

\*HIS – High Income States

## GROWTH PERFORMANCE

The long-term growth of real GSDP in the State has been quite impressive, at around 6 percent per annum during the period 1981–96. But during 1990–96, there was a deceleration in growth to just above 4 percent, mainly due to a sharp fall in the growth of the manufacturing sector from 11.93 percent during 1981–89 to 4.72 percent during 1990–96 (figure 1). The incidence of poverty as measured by the poverty ratio has also risen from 16 percent in 1987–88 to 25 percent in 1993–94 (table 1.3 gives the 1983 and 1993–94 figures). This is despite a rise in the per capita income in constant prices from Rs. 2709 to Rs. 3498 during this period, implying worsening distribution of income.

What is particularly worrisome is that there has been a sharp increase in poverty in the rural areas from 16.22 percent to 28.02 percent, while urban poverty has declined marginally. Although only an indepth study can explain this paradox of rising poverty in a growing economy, this could be partly attributed to poor social development (discussed below), accentuating income disparities. In any case, it does underscore the need for greater public intervention in this area in the form of programmes for sustainable poverty alleviation and human development (particularly those that allow the poor to rise above the poverty trap).



## SECTOR PROFILES

In terms of infrastructure, Haryana ranks among the top five States in India. The Centre for Monitoring Indian Economy (CMIE) relative composite infrastructure index stood at 141.3 in 1993–94 (all-India average: 100; see table 1.2).<sup>1</sup> Power, however, has been a major bottleneck, which is being sought to be corrected with reforms in the power sector currently underway. Irrigation and water supply are two other areas being strengthened. The New Industrial Policy 1997, stresses the importance of the infrastructure sector and states the government's intention of focusing on this sector. Its agricultural productivity is high as a result of a widespread, although reportedly ill-maintained, irrigation network and relatively modern methods of agriculture including mechanisation, use of high-yielding variety of seeds, and intensive use of fertilisers. On the industrial and trading front as well, the State has made rapid progress. A long border

<sup>1</sup>

The elements of the composite index, with assigned weights in parentheses are: transport facilities (26%), energy consumption (24%), irrigation facilities (20%), banking facilities (12%), communication infrastructure (6%), educational institutions (6%) and health facilities (6%).

with Delhi, a region with a large market as well as investible funds, has contributed to Haryana's performance.

**Table 1.2: CMIE Relative Composite Infrastructure Index**

State	1985-86	1993-94
<b>Haryana</b>	<b>144.0</b>	<b>141.3</b>
<i>High Income States</i>		
1. Gujarat	124.8	122.4
2. Maharashtra	116.8	107.0
3. Punjab	205.8	191.4
<i>Middle Income States</i>		
1. Andhra Pradesh	100.4	96.1
2. Karnataka	97.5	96.9
3. Kerala	149.2	157.1
4. Tamil Nadu	148.5	144.0
5. West Bengal	100.5	94.2
<i>Low Income States</i>		
1. Bihar	84.2	81.1
2. Madhya Pradesh	68.8	75.3
3. Orissa	87.8	97.0
4. Rajasthan	77.4	83.0
5. Uttar Pradesh	103.0	103.3
6. Assam	80.3	78.9
INDIA	100	100

Source : CMIE, 1997.

## SOCIAL INDICATORS

Haryana's social indicators, however, do not convey a picture commensurate with the income levels of the State (table 1.3). Its literacy rate in 1990-91 was 55.85 percent as against the national average of 52.21 percent; Gujarat, Maharashtra and Punjab, with comparable per capita SDP, had higher overall literacy rates. Lack of progress is also manifest in the infant mortality rate, a commonly used indicator of status of health services. Haryana also has the dubious distinction of having a rather high growth rate of population (2.45 percent per annum during 1981-91 as compared to 2.13 percent for India as a whole). Another indicator that points to a comparatively slow social development is the lowest gender ratio in the country with only 865 females per 1000 males as per the 1991 census; the national average was 927 females per 1000 males.

**Table 1.3: Comparative Social Development Indicators**

	Haryana	Other Comparable States			India
		Gujarat	Maharashtra	Punjab	
<b>1981</b>					
Poverty (percent) (1983)	21	33	43	46	44
Literacy (percent)	42	50	54	46	44
Female literacy (percent)	26	37	40	38	30
Infant mortality (percent)	69	72	58	61	110
Life expectancy at birth (years)	63.0	59.0	62.0	66.0	50.4
Sex ratio (females/1000 males)	870	941	936	878	934
<b>1991</b>					
Poverty (percent) (1993-94)	25	24	37	32	36
Literacy (percent)	56	61	65	59	52
Female literacy (percent)	40	49	52	50	39
Infant mortality (percent)	75	67	59	56	79
Life expectancy at birth (years)	65.0	62.0	64.0	67.0	58.7
Sex ratio (females/1000 males)	865	934	933	881	927

**Source:** 1. GoI, 1996; GoI, 1997;  
2. CMIE, 1997.