

Indicus Conducts the State of the States Study for India Today

An annual evaluation of the states of India based on economic parameters

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Methodology

If you want to rank states, there are two broad roads to follow. First, you can administer questionnaires and respondents' reply to specific questions. This route, however, presumes that 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 GSDP, per

Capita revenue of SEB); law and order (number of policemen per lakh people, ratio of cases filed to pending cases in district and lower courts, share of murders, kidnappings, rapes 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-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 GSDP 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 (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.

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, but also tells us how a state performed in 2010 compared with 2004. 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). All the data are publicly available and are sourced from government and related organisations. We are grateful to Minakshi Chakraborty, Swati Gupta, Sunil Bhatt, Siddhartha Dutta, Aditi Nandi and Dr. Sumita Kale for this intensive exercise.

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