

# Economic Structure of a Least and Most Developed Region of India : A Comparative Study in an Input-Output Framework

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Economic Planning in India over the past four decades resulted in a differentiated growth process across regions/states. This paper examines the structural differences between a least developed state of India (Assam) and a most developed one (Punjab), using their respective Input-Output sectors, it highlights the technological differences in the two economies. The paper also evaluates and compares the sectoral backward and forward linkages - the former with and without imports. In addition, it brings out the conceptual and data problems in constructing an Input-Output model at the regional level. It also suggests the methodology of resolving these problems.

## 1. Introduction

Economic Planning in India over the past four decades has resulted in a differentiated growth process across different states of the country. A few states have reached a relatively high level of development, while the rest have not demonstrated any significant economic transformation. Punjab belongs to the former category and Assam to the latter. The high level of development that has been achieved by Punjab can be regarded as agriculture led growth. It can be expected that the secondary and tertiary sectors, which have at least been able to keep pace with rapid agricultural development, have been stimulated by induced effect of the lead sector.

In contrast, in Assam, it is difficult to identify any lead sector, although some sectors like plantations and oil are more important than others. What is more, even with sharp fall in the share of agriculture in the state income over time, the overall growth of the economy has been lagging behind. It is because the declining role of agriculture has not been made up by the growth in the secondary but by that in the tertiary sector which may have limited linkage effect.

Taking note of the contrasting features of these two economies, it is proposed in this paper to evaluate ex-post linkage structures revealed in these two economies. With this overall objective, the paper is addressed to

- 1) delineating the economic structure of the two economies;
- 2) examining technological differences in the comparable sectors; and
- 3) evaluating backward and forward linkages.

The paper is divided into 5 sections. The next section presents the profiles of the two economies. The third section discusses conceptual and methodological issues involved in the construction of an Input-Output (I-O) table at the state level. Section 4 presents the models used and highlights the results. The final section comprises a