

Backward but surging ahead on economic front

BY INVITATION



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Jharkhand, once a backwater region of Bihar, has scaled heights up in economic indicators over the last few years and is expected not only to catch up to the national average but even surpass that in coming years.

This growth has been regular across the sectors but the services sector has played a crucial role in this trajectory.

Jharkhand inherited 2.4% of the total national geographical area and 2.72% population while shared only 2% in the national income at the time of its for-

mation, which further dipped to 1.7% in 2008-09, the year of global recession.

At the time of formation, the state trailed by 26% in income and educational attainment index and 18% in overall human development index behind the corresponding national figures. Hosting 5% of the total poor of the country, it reflected high poverty incidence rate.

However, it recorded impressive growth rate in the last few years and surpassed even the national rate. It recorded an 8.9% growth in 2013-14 and 8.5% in the current fiscal (2014-15) after hiccups of 2008-09 global recession and 2011-12 when it registered 4.5% percent growth rate.

The state economy grew at 7.11% compound annual growth rate (CAGR) decade (2004-05 to 2014-15). Result: the state's per capita income at constant prices (NSDP at factor cost) was ₹18,510 in 2004-05 which

increased to ₹30,950 in 2014-15, at 5.3% per annum rate in the last decade.

It has grown at a rate of 7.1% in the last three years. If Jharkhand maintains the economic growth rate, the per capita real income will double every ten years.

It is fast catching up the national per capita income average and closed the gap from 40% below the national average in 2008-09 to 25% at present. If the per capita income of both India and Jharkhand grows at the current rate — at 2.48% and 7% respectively — it will take another seven years to catch up to the national level. The service sector has been the main driver of the economic growth. Transport, storage and communication, trade hotels and restaurants and public administration contributed 62% in GSDP growth since 2004-05. The decadal growth of each of them (2004-05 to 2014-15) has

been more than 10%.

Industry is the next with 20% share in real GSDP growth in this period. Manufacturing's contribution, however, has been negative 3% and that of the registered manufacturing unit's negative 7.46%. Agriculture and allied sector has contributed about 18% to the growth of the economy in the last one decade.

The state has progressed in human development indicators of health (21%), education (41%) and economic well being (32%) with an overall human development index (HDI) by 32%. As a result, the gap between the HDI of India and that of Jharkhand has decreased and, in health indicators are, in fact, better than the all India average.

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