

The Perplexing Case of Gujarat

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No matter what the political leanings, many people have come to accept the premise that Gujarat has performed a lot better than the rest of India in terms of development over the last decade. People are even talking about the Gujarat model of development as something for the whole country to emulate. The backwardness indices of states computed by Raghuram Rajan Committee (set up to come up with a formula to allocate the Centre to States funds) seemed to place Gujarat somewhere in the middle of the pack; a total surprise given the common perception.

First, we will take a look at Gujarat's growth performance and then examine to what extent the growth has resulted in 'development'.

Growth

The following table gives Gujarat's growth performance in terms of the percentage increase in the output (i.e., the value added) in different sectors as well as in the aggregate (i.e., Net State Domestic product) during the decade 2001-02 to 2011-12.

	Percentage Change	Rank among 28 States
Agriculture	100.36	4
Industry	210.34	5
Manufacturing	249.94	5
Services	174.95	4
NSDP	166.89	3

Clearly, Gujarat has done very well in terms of growth in every sector. There are a few states that have done better in individual sectors but mostly they are small states like Sikkim, Chattisgarh, Manipur, Mizoram and Uttarkhand where a small increase ends up being a big percentage change. Among the rest, Gujarat is at the top in terms of growth. Gujarat's performance in agriculture is especially noteworthy.

Development

Growth is a means to an end and the end is development. Development means less poverty, better education, better healthcare, and better access for more households to water and proper sanitation. Development means laying groundwork for a better tomorrow.

Let us first look at the main development indices. Since we are concerned about the performance of Gujarat relative to that of other 27 states, we will look at Gujarat's rank among 28 states.

First thing to note is that the composite performance index computed by Rajan Committee which gives equal weight to the improvement over the last decade or so in each category of backwardness such as education, health, household amenities places Gujarat 14th among 28 states.

At a more detailed level:

	Rank in Base Year	Rank in Final Year	Improvement in ranks
Monthly Per Capita Consumption Expenditure (Base Yr. 2004-5; Final Yr. 2011-12)	10	12	-2
% of Population under the Poverty Line (Base Yr. 2004-5; Final Yr. 2011-12)	14	14	0
Infant Mortality Ratio (Base Yr. 2005; Final Yr. 2011)	19	17	2
Female Literacy (Base Yr. 2001; Final Yr. 2011)	15	15	0

Despite the fact that Gujarat grew faster than most other states during the decade of 2001-2011, its per capita expenditure is not only not at the top of the chart but has slipped further to 12th position. Equally surprising are its ranks in (i) the extent of poverty and (ii) in female literacy: they are smack in the middle of the list at 14th and 15th respectively showing no improvement by 2011-12 despite fast growth. It does show some improvement in its ranking for 'Infant Mortality Ratio' from 19th to 17th though the record of being in the lower half of the class is still disappointing for such a fast growing state.

Many have talked about reaping the dividend from the relatively young Indian population by educating them well. How well does Gujarat do in schooling? Rajan Committee uses 'Attendance Ratios' and 'Number of Primary Schools per Population of 1000' as education variables and ranks Gujarat somewhere among the bottom six states in 2004-5 and the rank slips further by 1 or 2 by 2009-10. Perhaps, these are not the most appropriate variables to assess the quality of education offered. Here we can hardly do better than using the learning outcomes reported by ASER for all states from 2006 to 2012. (Tripura and Sikkim were not included in ASER's 2006 sample).

	Rank in 2006	Rank in 2012	Improvement in ranks
% of children out of school (age 6-14)	16	17	-1
% of children who can read Std 1 text in (Std 3-5)	14	17	-3
% of children who can do subtraction or more in (Std 3-5)	22	23	-1

These numbers too are shocking for a state claiming to be number one. Instead of moving up, it has slipped down in an area as vital as education.

What about household amenities and financial inclusion? Once again we see mediocre performance and further slippage in Gujarat's ranking from 2001 to 2011 (Census years).

	Rank in 2001	Rank in 2011	Improvement in Ranks
% of Households with drinking water within premises	5	5	0
% of Households with electricity as the primary source of energy	6	10	-4
% of Households with latrines in premises	14	16	-2
% of Households with phones (landline or mobiles)	10	14	-4
% of Households with access to banking services	10	14	-4

This is a perplexing picture of development. Gujarat has done so much better in terms of growth and so much worse in terms of development than other states. Why has the fast growth not translated into meaningful development? Finally, it is the grass root level institutions that run schools, health clinics, bring water and sanitation to households, and bring the fruits of growth to the multitudes. Could it be that the centralized model of governance that works well for big investment projects does not work as well for grass root level institutions? Or, is this high growth with low development model indicative of the priorities of the Government of Gujarat? Or, is it something else altogether? It would be good to know the answer.

The most intriguing question of all is: what sustains the belief that Gujarat is the crowning jewel of development in India?

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